source book of health insurance data 1979 1980

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Foreword

The 1979-80 edition of the *Source Book of Health Insurance Data* is a statistical report of the private health insurance business in the United States. It is published by the Health Insurance Institute on behalf of companies that provide health insurance to the American public.

This 21st edition of the *Source Book* provides the latest available data on major forms of health insurance: hospital, surgical, physician's expense, major medical, disability and dental insurance. Also included is information on medical care costs, morbidity and health manpower in the United States. The data have been compiled from reports of insurance companies and other health insurance plans, government agencies and hospital and medical associations.

The *Source Book* is used as a reference by writers, editors, researchers, educators, government leaders, hospital and medical professionals, business associations and unions, and others interested in health care and its financing.

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Key Health Insurance Statistics

				% Change	
	1973	1977	1978	1977-78	1973-78
Number of Persons with Private Health Insurance Protection in the United States (000 Omitted)					
Hospital expense	168,455	178,968	181,464	1.4	7.7
Surgical expense	162,644	167,220	172,499	3.2	6.1
Physician's expense	151,680	160,429	164,145	2.3	8.2
Major medical expense	124,627	139,362	141,538	1.6	13.6
Disability income:					
Short-term	64,168	64,627	70,378	8.9	9.7
Long-term	17,011	19,364	19,100	-1.4	12.3
Dental expense	21,927	53,510	60,227	12.6	174.7
Health Insurance Benefit Payments in the United States (000,000 Omitted)					
Insurance companies	$11,863	$22,113	$26,352	19.2	122.1
Blue Cross-Blue Shield and other hospital-medical plans	11,687	20,974	24,406	16.4	108.8
Total	$23,550	$43,087	$50,758	17.8	115.5
Health Insurance Premiums in the United States* (000,000 Omitted)					
Insurance companies	$16,104	$28,676	$32,713	14.1	103.1
Blue Cross-Blue Shield and other hospital-medical plans	12,908	23,187	28,224	21.7	118.7
Total	$29,012	$51,863	$60,937	17.5	110.0
Community Hospital Statistics in the United States					
Average length of hospital stay (days)	7.8	7.6	7.6	—	-2.6
Average cost to hospital per patient day	$114.40	$ 197.90	$ 221.90	12.1	94.0
Average cost to hospital per patient stay	$892.00	$1,504.10	$1,686.40	12.1	89.1

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*Data for "Insurance companies" refer to earned premiums. Data for "Blue Cross-Blue Shield and other hospital-medical plans" refer to earned income.

NOTE: Some data are revised from previous years. The 1976 and later data include the number of persons protected, benefit payments and premiums of persons in Puerto Rico and other U.S. territories and possessions.

SOURCES: Health Insurance Association of America, Health Insurance Institute, Blue Cross Association, Blue Shield Association, American Hospital Association and U.S. Department of Health and Human Services.

CHAPTER 1

Extent of Private Health Insurance Coverage

At the end of 1978, more than 181 million Americans — more than eight out of 10 in the civilian noninstitutional population — were protected by one or more forms of private health insurance (Table 1.1).

This included some 167 million persons under 65 — representing nearly nine out of 10 in this age group. An additional 15 million older persons — six out of 10 of the 65 and over population — held private health insurance policies to supplement benefits available through Medicare.

Private health insurance coverage is made available in various forms by several different types of insurers. These include insurance companies, hospital and medical service plans like Blue Cross and Blue Shield, group medical plans operating on a prepayment basis such as Health Maintenance Organizations, and others.

Over 1,200 private insurance companies in the United States were writing individual and/or group health insurance covering more than 103 million persons at year-end 1978. Policies issued by insurance companies provide for payment directly to the insured or, if assigned by the insured, to the provider of services, in reimbursement for expenses incurred. Health insurance coverages made available by insurance companies can be divided into two basic categories — *medical expense* insurance and *disability income* insurance. *Medical expense* insurance is a "reimbursement type" of coverage which provides broad benefits that can cover virtually all expenses connected with hospital and medical care and related services. *Disability income* insurance is a form of health insurance that provides periodic payments when the insured is unable to work as a result of sickness or injury.

The Blue Cross Association and the Blue Shield Association are nonprofit health care membership groups. Organized on a geographic basis, member plans offer both individual and group coverage to area subscribers.

Blue Cross plans provide for hospital care on essentially a "service type" basis, under which the organization, through a separate contract with member hospitals, reimburses the hospital for the covered services rendered to the insured.

Blue Shield plans provide coverage for surgical and medical services performed by a physician. The typical Blue Shield plan provides benefits similar to those provided under the benefit provisions of hospital-surgical policies issued by insurance companies. At the end of 1978, there were 69 Blue Cross plans and 69 Blue Shield plans in the United States. Of these, 24 were joint plans, making a total of 114 Blue Cross and Blue Shield plans.

Health care coverage is also provided through Health Maintenance Organizations (HMOs), which provide comprehensive health care services for their members at a fixed periodic payment. In such plans a group of physicians, surgeons, dentists or optometrists furnish needed care as specified in the contract to subscribers. From 1971 to mid-1979, the number of operational HMOs increased from 33 to 215, and the number of individuals enrolled increased from 3.6 million to 8.2 million.

Certain types of health insurance coverage are also made available by plans that are administered by employers or labor unions, fraternal societies, communities, or by rural and consumer health cooperatives. Usually the protection provided by these groups is the amount desired and affordable by a specific group of people.

It is estimated that some 18% of the total 1978 insurance company group coverage is represented by Administrative Service Only (ASO) arrangements and Minimum Premium Plans (MPPs). Under these systems, corporations and other organizations can establish self-funded health plans. Insurance carriers or private organizations are paid a fee by the self-funding group to process the claims and benefits paperwork and insure against a certain level of large, unpredictable claims. These types of arrangements represented approximately 14% of total insurance company group coverage in 1977 and less than 5% prior to 1975.

Hospital Expense Insurance

At the end of 1978, more than 181 million persons were covered by hospital expense insurance (Table 1.2). This type of coverage has grown 19% since 1968.

Hospital expense insurance provides specific benefits for daily hospital room and board and usual hospital services and supplies during hospital confinement. The maximum benefit for miscellaneous expenses is frequently a specified dollar amount which may be expressed as a multiple of the daily room and board benefit.

Room and board benefits are usually stated in one of two ways. One is reimbursement for the actual room and board charge up to a specified maximum amount per day for hospital confinement. The second provides a service-type benefit which equals the semiprivate room and board charge of the hospital.

Generally, hospital expense insurance is sold in combination with surgical expense insurance so as to provide benefits for surgical operations and for in-hospital doctor's visits. In such cases the policy is referred to as a Hospital and Surgical Expense policy.

The counts of persons covered for hospital expense by insurance companies include those who have only hospital indemnity coverage. This type of coverage, issued on an individual basis, provides a stipulated daily, weekly or monthly indemnity during hospital confinement. The money is payable on an unallocated basis without regard to the actual expense of hospital confinement and is generally considered to be more closely related to disability income insurance than hospital or medical expense insurance.

At year-end 1978, over 7.0 million persons over age 65 were protected by hospital coverage issued through insurance companies. This figure included 3.8 million with hospital indemnity type coverage and 3.2 million with supplemental coverage for Medicare

Part A. At the same time, 1.6 million persons over age 65 had coverage through insurance companies to supplement Medicare Part B (surgical/medical).

Hospital Indemnity	3,797
Medicare Part A — hospital copayment coverage	3,216
	7,013
Medicare Part B — surgical copayment coverage	1,645
Prescribed Drugs and Medicines	919
Nursing Home Care	1,508
Private Duty Nurse	1,144

Surgical Expense Insurance

At the end of 1978, more than 172 million persons had protection against the costs of surgery (Table 1.3), a 20% growth in a decade.

This coverage provides benefits for the cost of surgical procedures performed as a result of an accident or sickness. Payment toward the charges for administration of an anesthetic for a covered surgical procedure is also often included. Benefits under this form of insurance might be paid according to a schedule of surgical procedures, with the policy listing the maximum benefit for each type of operation covered. An increasing number of insurance plans offer surgical benefits for the physician's fee up to the "reasonable and customary" charge for the procedure performed. No separate surgical schedules are included in this type of policy.

Physician's Expense Insurance

At year-end 1978, more than 164 million persons (Table 1.4) had physician's expense coverage (formerly termed Regular Medical Expense Insurance). This form of health insurance provides benefits which help pay physician's fees for nonsurgical care in a hospital, home or doctor's office. There are usually maximum benefits for specific services that sometimes include diagnostic X-ray and laboratory expenses.

Major Medical Expense Insurance

Major medical expense insurance was introduced nationally by insurance companies in 1951 and its growth has been rapid. By the end of 1978, 142 million persons had major medical coverage through insurance company policies, Blue Cross-Blue Shield, HMOs and other independent plans (Table 1.5). Insurance companies alone covered more than 102 million persons (Table 1.6).

Major medical coverage provides broad and substantial protection for large, unpredictable medical expenses. It covers a wide range of medical charges with few internal limits and a high overall maximum benefit. There are two typical types of major medical plans: one supplements basic hospital-surgical-physician's expense insurance programs; the other provides comprehensive protection where both basic coverage and extended health care benefits are integrated.

Maximum benefits range from $10,000 per person to, in some cases, unlimited benefits. A survey of new group major medical benefits revealed that of those plans issued by insurance companies in 1979, 92% of the surveyed employees had maximum benefits of more than $100,000 compared with 24% in 1973. Of those with maximum benefits of more than $100,000, 54% had maximums of $1 million and over, and 30% had unlimited benefits.

Normally, insurance company and medical plan benefits are subject to some form of deductible and coinsurance payments by the insured.

Disability Income Protection

Disability income benefits in accident and health policies provide for the partial replacement of income lost by employed men and women as a result of accident or illness. The amount of the benefit may vary, depending upon (1) whether the disability is total or partial and (2) the duration for which benefits are payable, which usually varies, depending upon whether the loss of income is the result of an accident or illness. There are two basic types of disability income coverage, short-term and long-term. Short-term policies provide benefits for up to two years; long-term plans provide benefits for durations such as five years, ten years or to age 65.

At the end of 1978, 87 million persons had some form of disability income coverage (Table 1.9). This amounts to nearly 9 in 10 civilian workers. Some 70 million persons in the United States were covered by short-term protection through insurance company plans or other formal arrangements, and 19 million persons were covered by long-term policies of insurance companies. More than 2 million persons covered by long-term plans also had short-term coverage.

Dental Expense Insurance

Dental expense insurance provides reimbursement for expenses of dental services and supplies and encourages preventive care. The coverage normally provides for oral examinations (including X-rays and cleanings), fillings, extractions, inlays, bridgework and dentures, as well as oral surgery, root canal therapy and orthodontics.

Dental coverage is generally available through insurance company group plans, prepayment plans and dental service corporations.

It is estimated that over 60 million persons were protected by some form of dental expense insurance at year-end 1978 (Table 1.10).

The largest providers of this type of protection are insurance companies, which insured 39 million persons through group policies at the end of 1978, over three times the number protected five years earlier.

Blue Cross-Blue Shield plans, which first offered dental coverage in the latter part of the 1960s, covered 6 million persons at the end of 1978. The remaining 15 million persons were covered by either dental service corporations or through union self-insurance trusts in which union welfare funds directly reimburse dentists in group practice clinics.

Characteristics of Insureds

A study by the National Center for Health Statistics focuses on the demographic and health characteristics of persons covered by private health insurance in 1975. The report contrasts the characteristics of those persons covered by the two major alternative types of private health insurance, namely fee-for-service plans and prepaid group plans, such as HMOs.

Membership patterns of the two types of coverage were found to be similar by age and sex. However, wide variations occurred in terms of race, geographic region, education of the family head and family income. Prepaid group membership was found to be proportionately higher among blacks, within central cities, in the Northeast and the West. Membership in these types of plans was also substantially higher among families where the family head had a higher education level and among families in higher income brackets.

Persons covered by prepaid group plans tended to make more doctor visits per year on the average than those covered by fee-for-service type plans—5.9 visits to 5.0 visits, respectively (Table 1.11). However, those covered by fee-for-service plans had a higher hospital utilization rate, 13.7 versus 11.2 discharges per 100 covered persons, and a higher average length of stay in short-stay hospitals, 7.5 days versus 6.6 days.

The Uninsured Population

A variety of estimates on the number of persons in the United States without private or public protection against health care expenses have been developed by private and governmental agencies.

The purpose of this section is to summarize various existing studies. No attempt has been made to analyze the accuracy of the findings due to differences in definitions, methodology and time periods covered.

The Social Security Administration estimates that in 1976, some 24 to 25 million persons (12% to 13% of the U.S. population under age 65) had no public or private protection against the cost of hospital or surgical care.[1]

A study conducted by The Robert Wood Johnson Foundation of the leading indicators of access to medical care concurs with the Social Security Administration's estimate.[2]

Based on estimates from 1974 and 1975, a study conducted by Pracon, Inc., for Roche Laboratories concluded that only 6% of the total population, some 12.2 million persons, had no private or public health insurance coverage.[3]

The Congressional Budget Office's most recent report on the uninsured population concluded that from 11 to 18 million persons (some 5% to 8% of the population) were without health care coverage in 1978. Their findings indicated that young adults were almost twice as likely as any other age group to be without coverage and, although they account for only 11% of the population, they represented over 20% of the uncovered population. Among employed persons, those earning less than $10,000 were most likely to be without coverage, accounting for 55% of the unprotected population.[4]

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[1] Social Security Administration, Social Security Bulletin, September 1978, Vol. 41, No. 9, *Private Health Insurance Plans in 1976: An Evaluation.*

[2] The Robert Wood Johnson Foundation, *Special Report Number One: A New Survey on Access to Medical Care,* 1978.

[3] Hoffmann-LaRoche Inc., *National Health Insurance Issues — The Unprotected Population,* 1977.

[4] U.S. Congressional Budget Office, *Profile of Health Care Coverage: The Haves and Have-Nots,* 1979.

Table 1.1
Number of Persons with Health Insurance Protection by Type of Coverage in the United States

(000 omitted)

End of year	Hospital expense	Surgical expense	Physician's expense	Major medical expense	Disability income		Dental expense
					Short-term	Long-term	
1940	11,962	4,900	3,000	-	N.A.	N.A.	-
1945	32,072	12,602	4,713	-	N.A.	N.A.	-
1950	76,639	54,156	21,589	-	37,793	*	-
1955	101,400	85,681	53,038	N.A.	39,513	*	-
1960	122,500	111,525	83,172	32,590	42,436	*	N.A.
1961	125,825	116,376	90,393	41,974	43,055	*	N.A.
1962	129,407	119,766	94,717	48,393	45,002	*	N.A.
1963	133,472	124,105	100,095	55,382	44,246	3,029	N.A.
1964	136,304	127,092	106,007	62,112	45,092	3,363	N.A.
1965	138,671	130,530	109,560	69,666	46,927	4,514	N.A.
1966	142,369	133,995	113,986	73,843	49,931	5,068	N.A.
1967	146,409	138,898	119,913	81,550	51,975	6,778	4,570
1968	151,947	143,625	126,233	87,641	55,636	7,836	5,867
1969	155,025	147,774	131,792	95,528	57,770	9,282	8,858
1970	158,847	151,440	138,658	103,544	58,089	10,966	11,972
1971	161,849	153,093	139,399	108,813	59,280	12,284	15,263
1972	164,098	154,687	140,873	113,837	61,548	14,538	16,853
1973	168,455	162,644	151,680	124,627	64,168	17,011	20,418
1974	173,140	166,434	158,170	131,438	65,282	17,799	27,855
1975	177,980	168,895	161,854	134,092	62,971	18,396	30,246
1976	176,581	167,432	163,094	134,992	62,250	17,779	41,559
1977	178,968	167,220	160,429	139,362	64,627	19,364	50,301
1978:							
Under 65	166,819	162,239	154,621	N.A.	N.A.	19,100	N.A.
65 and over	14,645	10,260	9,524	N.A.	N.A.	-	N.A.
Total	181,464	172,499	164,145	141,538	70,378	19,100	60,227†

N.A. — Not available.

*Included in "Short-term," with the possibility of some duplication of disability income coverage for these years.

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. The data refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.2
Number of Persons with Hospital Insurance Protection by Type of Insurer in the United States

(000 omitted)

End of year	All insurers*	Insurance Companies: All insurance companies*	Insurance Companies: Group policies	Insurance Companies: Individual and family policies	Blue Cross/ Blue Shield and medical society plans	Other plans
1940	11,962	3,700	2,500	1,200	6,012	2,250
1945	32,072	10,504	7,804	2,700	18,899	2,670
1950	76,639	36,955	22,305	17,296	38,822	4,445
1955	101,400	53,480	38,620	19,887	50,726	6,545
1960	122,500	69,226	54,416	22,181	58,050	5,994
1961	125,825	70,367	56,077	22,420	58,664	7,102
1962	129,407	72,156	58,057	23,035	60,118	6,937
1963	133,472	74,478	61,448	23,516	61,016	7,165
1964	136,304	75,825	63,011	23,951	62,054	6,840
1965	138,671	77,642	65,415	24,424	63,347	6,984
1966	142,369	80,419	67,799	24,888	65,310	6,633
1967	146,409	82,603	71,454	24,619	67,214	7,050
1968	151,947	85,705	74,073	25,278	70,019	7,277
1969	155,025	88,798	77,973	25,922	72,692	7,702
1970	158,847	89,688	80,505	26,658	75,055	8,131
1971	161,849	91,531	80,641	27,773	76,539	8,545
1972	164,098	93,681	81,526	29,011	78,206	8,053
1973	168,455	94,544	83,626	27,544	81,345	9,562
1974	173,140	97,010	85,385	28,807	83,845	11,072
1975	177,980	99,547	87,185	30,115	86,436	12,581
1976	176,581	97,038	86,824	26,996	86,601	14,091
1977	178,968	100,378	89,219	28,687	86,024	15,600
1978:						
Under 65	166,819	96,102	89,857	29,155	76,607	N.A.
65 and over	14,645	7,013	2,429	6,896	9,209	N.A.
Total	181,464	103,115	92,286	36,051	85,816	17,271†

N.A. — Not available.

*The data in these columns refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated.

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Persons covered under insurance company Administrative Service Only agreements and Minimum Premium Plans are included in the categories "All insurance companies" and "Group policies."

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.3
Number of Persons with Surgical Expense Protection by Type of Insurer in the United States

(000 omitted)

		Insurance Companies				
End of year	All insurers*	All insurance companies*	Group policies	Individual and family policies	Blue Cross/ Blue Shield and medical society plans	Other plans
1940	4,900	2,280	1,430	850	370	2,250
1945	12,602	7,337	5,537	1,800	2,845	2,420
1950	54,156	33,428	21,219	13,718	19,690	3,760
1955	85,681	50,146	39,703	14,972	39,165	5,930
1960	111,525	65,093	55,464	16,025	50,281	7,336
1961	116,376	67,103	57,017	16,533	50,166	8,494
1962	119,766	68,814	59,025	16,706	51,342	8,287
1963	124,105	71,580	61,937	17,113	51,845	8,608
1964	127,092	72,802	63,310	17,259	52,953	8,297
1965	130,530	75,186	65,487	17,735	53,945	8,684
1966	133,995	77,434	68,114	17,751	55,968	8,325
1967	138,898	80,090	72,038	17,603	58,248	8,580
1968	143,625	82,088	75,038	17,471	61,336	8,752
1969	147,774	84,850	78,864	17,699	63,926	9,950
1970	151,440	85,661	81,549	17,961	66,042	10,532
1971	153,093	86,254	81,802	18,134	67,203	10,860
1972	154,687	87,395	82,670	18,560	69,072	10,273
1973	162,644	89,061	84,483	18,608	75,136	11,994
1974	166,434	90,879	86,561	18,534	76,873	13,714
1975	168,895	92,089	87,958	18,468	77,803	15,435
1976	167,432	90,744	88,327	16,072	76,943	17,155
1977	167,220	92,799	91,904	14,409	74,523	18,876
1978:						
Under 65	162,239	94,545	94,109	15,149	66,139	N.A.
65 and over	10,260	1,645	589	1,593	8,465	N.A.
Total	172,499	96,190	94,698	16,742	74,604	20,770†

N.A. — Not available.

*The data in these columns refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated.

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Persons covered under insurance company Administrative Service Only agreements and Minimum Premium Plans are included in the categories "All insurance companies" and "Group policies."

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.4
Number of Persons with Physician's Expense Protection by Type of Insurer in the United States

(000 omitted)

		Insurance Companies				
End of year	All insurers*	All insurance companies*	Group policies	Individual and family policies	Blue Cross/ Blue Shield and medical society plans	Other plans
1940	3,000	-	-	-	200	2,800
1945	4,713	535	335	200	1,300	2,878
1950	21,589	8,001	5,587	2,714	11,428	2,873
1955	53,038	22,837	20,537	4,230	29,451	4,639
1960	83,172	37,442	35,522	5,487	45,017	6,773
1961	90,393	40,686	38,154	6,486	45,947	8,583
1962	94,717	43,457	40,557	7,203	47,456	8,343
1963	100,095	47,510	44,541	7,832	48,414	8,647
1964	106,007	52,048	49,447	8,141	49,559	8,850
1965	109,560	55,453	53,258	8,258	50,586	8,718
1966	113,986	59,004	56,851	8,549	52,238	8,434
1967	119,913	62,606	61,028	8,541	54,673	8,680
1968	126,233	66,235	64,566	8,984	57,520	8,900
1969	131,792	69,960	68,872	9,384	59,118	N.A.
1970	138,658	74,888	74,899	10,283	62,273	N.A.
1971	139,399	74,674	75,135	9,936	63,030	N.A.
1972	140,873	75,818	75,920	10,700	64,776	9,462
1973	151,680	79,774	79,862	11,285	71,766	11,222
1974	158,170	82,986	83,642	11,013	74,847	12,982
1975	161,854	86,567	87,027	11,775	74,869	14,741
1976	163,094	87,967	88,886	11,384	74,675	16,501
1977	160,429	88,818	90,159	10,964	71,261	18,261†
1978:						
Under 65	154,621	89,279	90,208	12,450	62,788	19,350†
65 and over	9,524	1,645	589	1,593	7,729	1,000†
Total	164,145	90,924	90,797	14,043	70,517	20,350†

N.A. — Not available.

*The data in these columns refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated.

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Persons covered under insurance company Administrative Service Only agreements and Minimum Premium Plans are included in the categories "All insurance companies" and "Group policies."

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.5
Number of Persons with Major Medical Expense Protection by Type of Insurer in the United States

(000 omitted)

		Insurance Companies				
End of year	All insurers*	All insurance companies*	Group policies	Individual and family policies	Blue Cross/ Blue Shield and medical society plans	Other** plans
1951	N.A.	108	96	12	N.A.	N.A.
1955	N.A.	5,241	4,759	482	N.A.	N.A.
1960	32,590	25,371	26,454	1,607	3,713	N.A.
1961	41,974	32,334	34,339	2,372	5,059	N.A.
1962	48,393	37,130	39,081	2,949	7,501	N.A.
1963	55,382	42,003	44,006	3,459	10,000	N.A.
1964	62,112	47,338	49,166	4,185	12,500	N.A.
1965	69,666	53,020	55,412	4,456	14,600	N.A.
1966	73,843	57,881	60,984	4,516	14,352	N.A.
1967	81,550	63,428	67,394	4,552	16,279	N.A.
1968	87,641	68,171	72,436	4,873	17,807	N.A.
1969	95,528	73,752	78,165	5,377	20,328	N.A.
1970	103,544	77,061	81,962	5,414	24,905	N.A.
1971	108,813	80,252	85,553	5,479	26,780	N.A.
1972	113,837	83,668	87,806	6,630	30,082	N.A.
1973	124,627	87,839	91,915	7,310	37,328	N.A.
1974	131,438	91,044	95,532	7,235	40,862	N.A.
1975	134,092	92,166	96,718	7,315	42,058	N.A.
1976	134,992	93,191	98,355	6,672	41,670	N.A.
1977	139,362	96,003	101,925	6,101	39,390	12,419
1978	141,538	102,471	108,872	6,890	39,317	14,084†

N.A. — Not available.

*The data in these columns refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated.

**Data prior to 1977 are being revised by the U.S. Department of Health and Human Services. These revisions will not affect the net total of people protected by all insuring organizations.

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Persons covered under insurance company Administrative Service Only agreements and Minimum Premium Plans are included in the categories "All insurance companies" and "Group policies."

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.6 Number of Persons with Major Medical Expense Protection with Insurance Companies by Type of Policy in the United States

(000 omitted)

End of Year	Insurance company total*	Group policies			Individual and family policies
		Net total*	Supplementary	Comprehensive	
1951	108	96	96		12
1955	5,241	4,759	3,928	831	482
1960	25,371	24,429	17,991	8,463	1,607
1961	32,334	30,729	24,488	9,851	2,372
1962	37,130	35,002	28,445	10,636	2,949
1963	42,003	39,446	32,307	11,699	3,459
1964	47,338	44,087	36,925	12,241	4,185
1965	53,020	49,700	42,450	12,962	4,456
1966	57,881	54,732	46,830	14,154	4,516
1967	63,428	60,517	51,824	15,570	4,552
1968	68,171	65,076	55,422	17,014	4,873
1969	73,752	70,272	58,905	19,260	5,377
1970	77,061	73,702	61,718	20,244	5,414
1971	80,252	76,971	63,442	22,111	5,479
1972	83,668	79,025	64,443	23,363	6,630
1973	87,839	82,724	66,225	25,690	7,310
1974	91,044	85,979	67,911	27,621	7,235
1975	92,166	87,046	67,310	29,408	7,315
1976	93,191	88,520	66,753	31,602	6,672
1977	96,003	91,733	68,349	33,576	6,101
1978:					
Under 65	101,552	97,187	71,122	36,864	6,715
65 and over	919	886	N.A.	N.A.	175
Total	102,471	98,073	N.A.	N.A.	6,890

N.A. — Not available.

*The data in these columns refer to the net total of people protected, i.e., duplication among persons protected by more than one insurance company policy providing the same type of coverage has been eliminated.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Persons covered under insurance company Administrative Service Only agreements and Minimum Premium Plans are included in the categories "All insurance companies" and "Group policies."

SOURCE: Health Insurance Association of America.

Table 1.7

Number of Persons under Age 65 Protected by Hospital and Surgical Expense Coverage in the United States by State and Type of Insurer, December 31, 1978

Number of People Protected (000 omitted)

	Hospital Expense			Surgical Expense		
State	All insurers*	Insurance companies	Blue Cross/ Blue Shield and medical society plans	All insurers*	Insurance companies	Blue Cross/ Blue Shield and medical society plans
Alabama	2,398	1,306	1,281	2,303	1,145	1,282
Alaska	296	167	137	289	165	134
Arizona	1,433	1,140	365	1,370	1,111	327
Arkansas	1,275	769	609	1,212	709	583
California	16,515	10,394	7,045	15,970	10,341	6,829
Colorado	2,000	1,271	865	1,892	1,250	769
Connecticut	2,691	1,634	1,470	2,691	1,733	1,370
Delaware	507	144	361	507	158	360
District of Columbia	602	480	1,688	602	481	1,467
Florida	4,706	4,027	1,245	4,533	3,794	1,137
Georgia	3,397	2,607	1,159	3,244	2,500	993
Hawaii	762	146	689	727	85	693
Idaho	538	279	307	514	233	302
Illinois	9,773	7,508	3,706	9,773	7,432	3,343
Indiana	4,643	3,012	1,981	4,643	3,038	1,938
Iowa	2,332	1,285	1,200	2,151	1,165	1,093
Kansas	1,530	857	793	1,482	799	767
Kentucky	2,686	1,141	1,659	2,534	1,106	1,527
Louisiana	2,641	1,997	929	2,484	1,655	950
Maine	754	283	478	732	286	465
Maryland	3,088	1,535	1,587	2,960	1,619	1,419
Massachusetts	4,953	2,090	3,272	4,953	2,124	3,144
Michigan	8,049	4,086	5,063	8,049	3,799	5,034
Minnesota	3,050	2,170	1,067	2,894	2,009	1,050
Mississippi	1,348	1,017	491	1,270	868	485
Missouri	4,063	2,958	1,701	4,055	2,830	1,442
Montana	569	354	252	541	317	250
Nebraska	1,153	807	505	1,052	658	475
Nevada	355	341	49	355	319	79
New Hampshire	688	299	395	657	299	376
New Jersey	6,340	2,250	4,464	6,175	2,711	3,603
New Mexico	778	481	374	776	468	372
New York	15,406	6,101	13,943	15,406	7,303	13,416
North Carolina	3,733	2,075	1,885	3,510	1,838	1,794
North Dakota	492	186	352	456	122	353
Ohio	9,325	5,541	5,920	9,325	6,241	5,294
Oklahoma	1,708	1,222	649	1,560	1,067	575
Oregon	1,702	873	946	1,139	777	445
Pennsylvania	10,066	4,249	7,775	10,066	4,392	6,607
Rhode Island	795	150	725	795	149	739
South Carolina	2,095	1,254	980	2,021	1,182	948
South Dakota	446	424	125	419	300	159
Tennessee	3,381	1,988	1,673	3,127	1,695	1,580
Texas	8,269	6,156	2,596	7,934	5,831	2,439
Utah	773	444	366	733	413	342
Vermont	414	165	255	409	181	240
Virginia	3,651	2,029	1,814	3,463	1,847	1,726
Washington	2,805	1,218	1,716	2,690	1,158	1,671
West Virginia	1,478	788	850	1,433	731	838
Wisconsin	3,436	1,833	1,887	3,324	1,595	1,921
Wyoming	299	184	144	286	167	139
Total	166,187	95,715	91,788	161,486	94,196	85,284

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Table 1.7 *(Continued)*
Number of Persons under Age 65 Protected by Hospital and Surgical Expense Coverage in the United States by State and Type of Insurer, December 31, 1978

Number of People Protected (000 omitted)

	Hospital Expense			Surgical Expense		
State	All insurers*	Insurance companies	Blue Cross/ Blue Shield and medical society plans	All insurers*	Insurance companies	Blue Cross/ Blue Shield and medical society plans
Puerto Rico and U.S. Territories and Possessions	632	387	319	753	349	456
Total United States	166,819	96,102	92,107	162,239	94,545	85,740

N.A. — Not available.

*The data refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated. The estimated distribution by states essentially reflects coverage by employment rather than residence with adjustment to take into account the population of the states.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.8
Number of Persons Under Age 65 Protected by Physician's Expense and Major Medical Expense Coverage in the United States, by State and Type of Insurer, December 31, 1978

Number of People Protected (000 omitted)

	Physician's Expense			Major Medical Expense
State	All insurers*	Insurance companies	Blue Cross/ Blue Shield and Medical society plans	Insurance companies only
Alabama	2,144	979	1,371	1,171
Alaska	277	165	132	170
Arizona	1,246	1,044	310	1,101
Arkansas	1,059	645	526	654
California	15,427	10,278	6,976	10,768
Colorado	1,880	1,279	802	1,291
Connecticut	2,691	1,583	1,414	2,125
Delaware	487	150	364	160
District of Columbia	602	551	1,293	561
Florida	4,300	3,656	1,173	3,517
Georgia	2,668	2,105	854	2,441
Hawaii	698	71	707	85
Idaho	501	229	313	234
Illinois	9,471	7,011	3,304	7,110
Indiana	4,334	2,907	1,744	2,737
Iowa	2,101	1,156	1,135	1,179
Kansas	1,418	758	794	774
Kentucky	2,175	957	1,388	1,108
Louisiana	2,359	1,588	961	1,632

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Table 1.8 *(Continued)*

Number of Persons Under Age 65 Protected by Physician's Expense and Major Medical Expense Coverage in the United States, by State and Type of Insurer, December 31, 1978

Number of People Protected (000 omitted)

	Physician's Expense			Major Medical Expense
State	All insurers*	Insurance companies	Blue Cross/ Blue Shield and Medical society plans	Insurance companies only
Maine	729	300	474	294
Maryland	2,877	1,648	1,414	1,907
Massachusetts	4,854	2,038	3,114	2,272
Michigan	8,049	3,739	5,131	3,997
Minnesota	2,806	1,984	1,101	2,001
Mississippi	1,175	799	474	781
Missouri	3,700	2,728	1,314	2,821
Montana	546	340	251	314
Nebraska	1,042	676	477	617
Nevada	347	304	84	331
New Hampshire	616	324	333	286
New Jersey	5,734	2,472	3,613	5,211
New Mexico	758	471	374	508
New York	15,406	6,386	11,910	11,531
North Carolina	2,899	1,471	1,636	1,712
North Dakota	458	135	355	121
Ohio	9,325	5,594	4,749	5,895
Oklahoma	1,481	1,012	598	1,068
Oregon	1,289	951	480	789
Pennsylvania	9,157	4,266	5,559	4,849
Rhode Island	795	132	733	153
South Carolina	1,682	866	947	996
South Dakota	421	304	169	293
Tennessee	2,796	1,462	1,538	1,690
Texas	7,389	5,455	2,487	5,747
Utah	745	427	375	423
Vermont	361	175	211	205
Virginia	3,079	1,738	1,553	1,812
Washington	2,661	1,186	1,728	1,286
West Virginia	1,376	677	891	752
Wisconsin	3,168	1,559	1,911	1,571
Wyoming	306	200	137	157
Total	153,867	88,931	81,682	101,208
Puerto Rico and U.S. Territories and Possessions	754	348	456	344
Total United States	154,621	89,279	82,138	101,552

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*The data refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated. The estimated distribution by states essentially reflects coverage by employment rather than residence with adjustment to take into account the population of the states.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.9
Number of Persons with Disability Income Protection by Type of Program in the United States

(000 omitted)

		Insurance Companies				
End of year	All programs	All insurance companies	Group policies	Individual policies	Formal paid sick leave plans	Other
1946	26,229	14,369	7,135	8,684	8,400	3,460
1950	37,793	25,993	15,104	13,067	8,900	2,900
1955	39,513	29,813	19,171	13,642	8,500	1,200
1960	42,436	31,836	20,970	14,298	9,500	1,100
1961	43,055	32,055	21,186	14,301	9,900	1,100
1962	45,002	33,602	22,313	14,854	10,200	1,200
Short-Term Disability Income Protection						
1963	44,246	31,946	20,865	12,902	10,900	1,400
1964	45,092	32,692	21,267	13,964	10,900	1,500
1965	46,927	33,527	22,409	11,937	11,700	1,700
1966	49,931	35,631	23,765	13,919	12,500	1,800
1967	51,975	36,675	24,805	13,188	13,300	2,000
1968	55,636	39,736	26,868	15,648	13,800	2,100
1969	57,770	39,970	27,373	15,446	15,500	2,300
1970	58,089	39,789	27,876	14,901	15,900	2,400
1971	59,280	40,180	28,408	13,866	16,500	2,600
1972	61,548	41,208	29,151	14,527	17,640	2,700
1973	64,168	43,298	29,279	16,890	18,170	2,700
1974	65,282	43,672	29,320	17,291	18,910	2,700
1975	62,971	41,071	28,607	15,024	19,400	2,500
1976	62,250	38,940	27,534	13,742	20,610	2,700
1977	64,627	40,047	28,176	14,302	21,880	2,700†
1978	70,378	45,360	30,747	17,606	22,318	2,700†
Long-Term Disability Income Protection						
1963	3,029	3,029	749	2,280	-	-
1964	3,363	3,363	1,240	2,123	-	-
1965	4,514	4,514	1,864	2,650	-	-
1966	5,068	5,068	2,321	2,747	-	-
1967	6,778	6,778	3,722	3,056	-	-
1968	7,836	7,836	4,574	3,262	-	-
1969	9,282	9,282	5,544	3,738	-	-
1970	10,966	10,966	6,954	4,012	-	-
1971	12,284	12,284	7,951	4,333	-	-
1972	14,538	14,538	9,471	5,067	-	-
1973	17,011	17,011	10,595	6,416	-	-
1974	17,799	17,799	11,116	6,683	-	-
1975	18,396	18,396	11,526	6,870	-	-
1976	17,779	17,779	11,516	6,263	-	-
1977	19,364	19,364	12,481	6,883	-	-
1978	19,100	19,100	12,635	6,465	-	-

†Preliminary estimate.

NOTE: For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions. Data in the category "Insurance companies" refer to the net total of people protected, i.e., duplication among persons who are covered by both group and individual policies has been eliminated. Any duplication resulting from the combination of numbers covered for short-term and long-term protection has not been eliminated. This category excludes Administrative Service Only agreements and Minimum Premium Plans except for those companies who include them in their regular reporting. The category "Formal paid sick leave plans" refers to people with formal paid sick leave plans but without insurance company coverage. The category "Other" includes union-administered plans and the Federal Mutual Benefit Association.

SOURCES: Health Insurance Association of America and U.S. Department of Health and Human Services.

Table 1.10
Number of Persons with Dental Expense Protection by Type of Insurer in the United States
(000 omitted)

End of year	All insurers	Insurance companies*	Blue Cross/ Blue Shield and medical society plans	Other plans
1967	4,570	2,330	20	2,220
1968	5,867	3,170	35	2,662
1969	8,858	5,159	141	3,558
1970	11,972	7,383	275	4,314
1971	15,263	8,841	1,100	5,322
1972	16,853	10,200	1,110	5,543
1973	20,418	12,097	1,740	6,581
1974	27,855	16,756	3,790	7,309
1975	30,246	18,936	3,318	7,992
1976	41,559	26,562	4,363	10,634
1977	50,301	32,216	5,283	12,802
1978	60,227†	38,815	6,000†	15,412†

*Insurance company data are group plans. †Preliminary estimate.

NOTE: Data are revised. For 1975 and later, data include the number of persons covered in Puerto Rico and other U.S. territories and possessions.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 1.11
Rate of Ambulatory Care and Hospitalization of Persons by Type of Private Health Insurance Coverage, 1975 in the United States

	Prepaid Plans			
Selected health characteristics	Prepaid only	Prepaid supplemented by fee-for-service	All prepaid	Fee-for service only*
Percent of persons with limitation of activity	12.5%	11.3%	12.2%	12.0%
Restricted-activity days per person per year	19.5	17.8	19.0	15.3
Bed-disability days per person per year	6.0	6.9	6.3	5.6
Short-stay hospital days per discharge	6.5	6.9	6.6	7.5
Short-stay hospital discharges per 100 persons	11.8	9.7	11.2	13.7
Percent of discharges surgically treated	64.7	74.2	67.1	56.4
Doctor visits per person per year	5.7	6.1	5.9	5.0

*Excludes persons with fee-for-service plans who also belong to prepaid plans.

NOTE: Prepaid hospital and doctor visit data include both use of plan facilities and use of outside provider where provider was reimbursed by the plan.

SOURCE: U.S. Department of Health and Human Services. National Center for Health Statistics, *Sociodemographic and Health Characteristics of Persons by Private Health Insurance Coverage and Type of Plan: United States—1975.*

CHAPTER 2
Health Insurance Benefit Payments

A total of $50.8 billion in health insurance benefits was paid by private insuring organizations in the United States during 1978 (Table 2.2), a 17.8% increase over 1977 and over four times the amount paid 10 years earlier. The increase was mainly due to the rising cost of medical care, expansion of benefits and higher utilization.

Medical expense benefits, which include payments under hospital, surgical, physician's expense and major medical insurance, totaled $44.8 billion in 1978, an increase of 18.0% over 1977. Of this amount, $21.2 billion was paid by insurance companies and $23.7 billion was paid by Blue Cross-Blue Shield and other hospital-medical plans. Dental expense benefits for 1978 totaled $2.5 billion.

Health insurance benefits are provided by private insurers in two ways: through indemnity payments or through service arrangements.

Benefits by insurance companies are primarily provided through indemnity payments, whereby the insured person is paid a specified sum of money toward his covered expenses. (Payments can also be made directly to the provider of care through an assignment of benefits.)

Blue Cross-Blue Shield and other hospital-medical plans usually make direct payments for covered services to the participating hospital or physician.

The state in which the largest amount of total benefit payments was made in 1978 was California. New York ranked second, followed by Michigan, Pennsylvania and Ohio (Table 2.3). Persons in these five states received 36% of all health insurance benefits paid in 1978, and they represented 33% of the population of the United States.

The numbers in this chapter refer to benefits paid in the current year and include amounts paid for claims of prior years but exclude amounts which will be paid in the following year for claims of this year for which the insurers are liable. Since the premium figures in the next chapter are reported on an earned basis for the calendar year, thereby reflecting a true picture of premiums for the year, it is not appropriate to compare benefit and premium figures.

A comparison of the benefit and premium figures for loss of income policies is particularly inappropriate. Additions to claim reserves for persons already disabled are extracted from current year premiums but not reflected in the benefit payments. These claim reserves will be used to make income payments for all future years of disability included in coverage under the contracts.

Table 2.1
Health Insurance Benefit Payments of Insurance Companies in the United States
(000,000 omitted)

Year	Grand total	Group				Individual and family policies			
		Total	Medical expense	Dental expense	Loss of income	Total	Medical expense	Dental expense	Loss of income
1945	$ 278	$ 139	N.A.	N.A.	N.A.	$ 139	N.A.	N.A.	N.A.
1950	755	438	N.A.	N.A.	N.A.	317	N.A.	N.A.	N.A.
1955	1,785	1,252	N.A.	N.A.	N.A.	533	N.A.	N.A.	N.A.
1960	3,069	2,350	$ 1,809	N.A.	$ 541	719	$ 421	N.A.	$ 298
1961	3,394	2,616	2,082	N.A.	534	778	457	N.A.	321
1962	3,763	2,911	2,338	N.A.	573	852	519	N.A.	333
1963	4,152	3,203	2,614	N.A.	589	948	601	N.A.	347
1964	4,658	3,585	2,953	N.A.	632	1,073	693	N.A.	380
1965	5,160	4,000	3,322	N.A.	679	1,160	792	N.A.	368
1966	5,559	4,357	3,608	N.A.	749	1,203	814	N.A.	389
1967	6,030	4,790	3,953	$ 42	796	1,239	824	*	415
1968	6,717	5,362	4,360	54	948	1,355	894	*	461
1969	7,575	6,202	5,027	79	1,096	1,374	897	*	476
1970	9,089	7,476	6,043	140	1,293	1,613	1,090	*	523
1971	9,497	8,018	6,541	175	1,301	1,480	1,006	*	474
1972	10,622	8,943	7,315	201	1,427	1,679	1,148	*	531
1973	11,863	9,764	7,924	262	1,578	2,099	1,462	*	637
1974	13,636	11,439	9,260	332	1,847	2,197	1,517	*	680
1975	16,470	14,191	11,607	599	1,985	2,279	1,557	*	722
1976	20,217	17,795	14,425	1,187	2,183	2,422	1,691	*	731
1977	22,113	19,479	15,683	1,452	2,344	2,634	1,869	*	765
1978	26,352	22,868	18,696	1,771	2,401	3,484	2,480	*	1,004

N.A.—Not available.

*Less than $500,000.

**Insurance company benefit payments for 1975 and later include Administrative Service Only Agreements and Minimum Premium Plans. Aggregates in prior years contained only a portion of these data.

NOTE: Data for 1975 and 1976 are revised. For 1975 and later, data include benefit payments in Puerto Rico and other U.S. territories and possessions. Figures do not add to totals in some cases due to rounding. The data include loss of income benefits and exclude accidental death and dismemberment benefits.

SOURCES: *Health Insurance Review, Spectator Health Insurance Index* and Health Insurance Association of America.

Table 2.2
Health Insurance Benefit Payments by Type of Insurer and by Type of Coverage in the United States

(000,000 omitted)

	Year	Total	Medical expense	Dental expense	Loss of income*
All Insurers	1950	$ 1,347	N.A.	N.A.	$ 383
	1955	3,142	$ 2,547**	N.A.	595
	1960	5,676	4,837**	N.A.	839
	1965	9,624	8,578**	N.A.	1,046
	1970	17,177	15,127	$ 233	1,817
	1971	18,869	16,809	286	1,775
	1972	21,034	18,693	383	1,958
	1973	23,550	20,802	533	2,215
	1974	27,294	24,042	725	2,527
	1975	33,045	29,169	1,169	2,707
	1976	38,964	34,116	1,934	2,914
	1977	43,087	37,995	1,983	3,109
	1978	50,758	44,832	2,521	3,405
Insurance Companies†	1950	755	372**	N.A.	383
	1955	1,785	1,190**	N.A.	595
	1960	3,069	2,230**	N.A.	839
	1965	5,160	4,114**	N.A.	1,046
	1970	9,089	7,132	140	1,817
	1971	9,497	7,547	176	1,775
	1972	10,622	8,463	201	1,958
	1973	11,863	9,386	262	2,215
	1974	13,636	10,777	332	2,527
	1975	16,470	13,164	599	2,707
	1976	20,217	16,116	1,187	2,914
	1977	22,113	17,552	1,452	3,109
	1978	26,352	21,176	1,771	3,405
Blue Cross/ Blue Shield and Other Hospital-Medical Plans	1950	590	N.A.	N.A.	-
	1955	1,357	1,357**	N.A.	-
	1960	2,607	2,607**	N.A.	-
	1965	4,464	4,464**	N.A.	-
	1970	8,088	7,995	93	-
	1971	9,372	9,262	110	-
	1972	10,412	10,230	182	-
	1973	11,687	11,416	271	-
	1974	13,658	13,265	393	-
	1975	16,575	16,005	570	-
	1976	18,747	18,000	747	-
	1977	20,974	20,443	531	-
	1978	24,406	23,656	750	-

N.A.—Not available.

*Insurance Company coverage only.

**Includes dental expense benefit payments.

†Insurance company benefit payments for 1975 and later include Administrative Service Only Agreements and Minimum Premium Plans. Amounts in prior years contained only a portion of this data.

NOTE: Data for 1975 and 1976 are revised. For 1975 and later, data include benefit payments in Puerto Rico and other U.S. territories and possessions. Figures do not add to totals in some cases due to rounding. "Medical expense" includes payments for hospital, surgical, physician's expense and major medical benefits.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Table 2.3
Health Insurance Benefit Payments by Type of Insurer in the United States by State, 1978

(000,000 omitted)

State	Total	Insurance companies	Blue Cross/ Blue Shield and other hospital-medical plans
Alabama	$ 648	$ 300	$ 348
Alaska	42	37	5
Arizona	428	307	121
Arkansas	273	147	126
California	5,434	2,672	2,762
Colorado	444	249	195
Connecticut	790	397	393
Delaware	161	45	116
District of Columbia	553	111	442
Florida	1,264	939	325
Georgia	817	575	242
Hawaii	241	46	195
Idaho	134	67	67
Illinois	2,551	1,535	1,016
Indiana	1,112	555	557
Iowa	558	241	317
Kansas	474	197	277
Kentucky	537	215	322
Louisiana	606	386	220
Maine	170	73	97
Maryland	746	316	430
Massachusetts	1,448	468	980
Michigan	2,982	1,005	1,977
Minnesota	643	393	250
Mississippi	298	214	84
Missouri	1,060	525	535
Montana	114	60	54
Nebraska	268	144	124
Nevada	115	100	15
New Hampshire	138	60	78
New Jersey	1,434	626	808
New Mexico	151	103	48
New York	4,603	1,593	3,010
North Carolina	791	420	371
North Dakota	133	44	89
Ohio	2,722	1,141	1,581
Oklahoma	404	250	154
Oregon	541	215	326
Pennsylvania	2,783	844	1,939
Rhode Island	209	37	172
South Carolina	382	211	171
South Dakota	82	60	22
Tennessee	766	414	352
Texas	2,243	1,597	646
Utah	189	100	89
Vermont	83	31	52
Virginia	803	367	436
Washington	789	280	509
West Virginia	405	150	255
Wisconsin	974	396	578
Wyoming	68	39	29
Total	45,604	21,297	24,307

(Continued on next page)

Table 2.3 *(Continued)*
Health Insurance Benefit Payments by Type of Insurer in the United States by State, 1978
(000,000 omitted)

State	Total	Insurance companies	Blue Cross/ Blue Shield and other hospital-medical plans
Puerto Rico and U.S. Territories and Possessions	151	52	99
Administrative Services Only Agreements	5,003	5,003	-
Total United States	$50,758	$26,352	$24,406

*NOTE: Benefits shown for "Insurance companies" include loss of income payments and exclude accidental death and dismemberment benefits.

SOURCES: Health Insurance Association of America, Health Insurance Institute, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

CHAPTER 3
Health Insurance Premium Income

During 1978, health insurance premium income of all private insuring organizations amounted to $60.9 billion. Americans spent the equivalent of 4.18% of total disposable personal income (personal income less personal taxes) in 1978 for health insurance premiums, compared with 3.97% during 1977 (Table 3.1).

Premiums of insurance companies reported in Tables 3.1, 3.2 and 3.3 are on an earned basis for the calendar year. (Earned premiums are defined as the calendar-year portion of premiums for which the protection of the policy has been given.)

Due to the fact that benefit data in the preceding chapter refer to paid benefits and do not include estimates for reserve and liability items, it is inappropriate to compare those benefit data to premium data in this chapter.

Insurance companies earned $32.7 billion in premiums in 1978. The premiums or "subscriptions" received by Blue Cross-Blue Shield organizations and other hospital-medical plans are also reported on a calendar-year basis and amounted to $28.2 billion in 1978.

The largest amount of health insurance premiums paid to private insuring organizations in 1978 came from persons in New York (Table 3.3). The second and third largest amounts came from persons in California and Michigan, respectively.

Group and Individual Premiums

Group health insurance premiums paid to all private insuring organizations have been increasing substantially for many years. This growth is attributed to the expansion of hospital, surgical and physician's expense protection for employees; to the extension of health insurance coverage to small groups not previously eligible; and to the need to fund larger benefit levels to meet health care cost increases. Group premiums earned by insurance companies, some 82% of the insurance company total, amounted to $26.9 billion in 1978. Individual and family policy premiums paid to insurance companies in 1978 amounted to $5.8 billion.

Table 3.1

Health Insurance Premiums and Ratio to Disposable Personal Income

Premium Income of Insurance Companies, Subscription Income of Blue Cross/Blue Shield and Other Hospital-Medical Plans in the United States

(millions of dollars)

Year	Insurance companies	Blue Cross/ Blue Shield and other hospital-medical plans	Total premiums	Disposable personal income	Ratio
1940	$ 286	$ 32	$ 318	$ 75,681	0.42%
1945	550	154	704	150,246	0.47
1950	1,266	687	1,953	205,511	0.95
1955	2,743	1,523	4,266	273,413	1.56
1960	4,671	2,814	7,485	349,370	2.14
1961	5,029	3,246	8,275	362,901	2.28
1962	5,595	3,601	9,196	383,881	2.40
1963	6,145	3,918	10,063	402,765	2.50
1964	6,769	4,332	11,101	437,033	2.54
1965	7,352	4,777	12,129	472,157	2.57
1966	7,796	4,969	12,765	510,398	2.50
1967	8,295	5,247	13,542	544,548	2.49
1968	9,082	5,966	15,048	588,138	2.56
1969	10,197	7,089	17,286	630,427	2.74
1970	11,546	8,439	19,985	685,935	2.91
1971	12,777	10,058	22,835	742,811	3.07
1972	14,771	11,465	26,236	801,299	3.27
1973	16,104	12,908	29,012	901,663	3.22
1974	17,915	14,533	32,448	984,627	3.30
1975	20,795*	16,943	37,738	1,086,658	3.47
1976	24,502*	19,955	44,457	1,184,512	3.75
1977	28,676*	23,187	51,863	1,305,133	3.97
1978	32,713*	28,224	60,937	1,458,388	4.18

*Insurance company premiums for 1975 and later include Administrative Service Only agreements and Minimum Premium Plans. Aggregates in prior years contained only a portion of these data.

NOTE: Data for 1975 and 1976 are revised. For 1975 and later, data include premiums paid in Puerto Rico and other U.S. territories and possessions. Data for "Insurance companies" prior to 1972 refer to written premiums (which, for group policies, include minor adjustments to reflect premiums of the particular year). "Insurance companies'" premiums for 1972 and later refer to earned premiums and are revised to exclude premiums for accidental death and dismemberment and other such limited coverages. Data for Blue Cross-Blue Shield and other hospital-medical plans refer to earned income. Data for Blue Cross/Blue Shield for 1974 and later include premium taxes.

SOURCES: U.S. Department of Health and Human Services, *Argus Chart*, U.S. Department of Commerce, Health Insurance Association of America, Health Insurance Institute, Blue Cross Association and Blue Shield Association.

Table 3.2
Health Insurance Premiums of Insurance Companies by Type of Policy and by Type of Protection in the United States

(000,000 omitted)

		Group policies			Individual and family policies		
Year	Total premiums	Total	Loss of income	Hospital-medical expense	Total	Loss of income	Hospital medical expense
1935	$ 175	$ 26	$ 26	*	$ 149	N.A.	N.A.
1940	286	65	48	$ 17	221	N.A.	N.A.
1945	550	215	125	90	335	N.A.	N.A.
1950	1,266	629	291	338	637	$ 361	$ 276
1955	2,743	1,573	553	1,020	1,170	554	616
1960	4,671	2,895	777	2,118	1,776	744	1,032
1965	7,352	4,683	1,050	3,633	2,669	847	1,822
1966	7,796	5,054	1,183	3,871	2,742	886	1,856
1967	8,295	5,464	1,270	4,194	2,831	948	1,883
1968	9,082	6,088	1,473	4,615	2,994	1,018	1,976
1969	10,197	6,938	1,724	5,214	3,259	1,131	2,128
1970	11,546	8,149	1,968	6,181	3,397	1,104	2,293
1971	12,777	9,170	2,189	6,981	3,607	1,154	2,453
1972	14,771	10,946	2,332	8,614	3,825	1,097	2,728
1973	16,104	11,807	2,414	9,393	4,297	1,304	2,993
1974	17,915	13,193	2,603	10,590	4,722	1,445	3,277
1975	20,795	15,918**	2,828**	13,090**	4,877	1,807	3,070
1976	24,502	19,366**	3,144**	16,222**	5,136	1,854	3,282
1977	28,676	23,234**	3,543**	19,691**	5,442	1,859	3,583
1978	32,713	26,939**	4,539**	22,400**	5,774	1,990	3,784

*Less than $500,000.

**Insurance company premiums for 1975 and later include Administrative Service Only Agreements and Minimum Premium Plans. Aggregates in prior years contain only a portion of these data.

N.A.—Not available.

NOTE: Data are revised. For 1975 and later, data include premiums paid in Puerto Rico and other U.S. territories and possessions. Data prior to 1972 refer to written premiums (which, for group policies, include minor adjustments to reflect premiums of the particular year) and include accidental death and dismemberment premiums in the Loss of Income categories. Data for 1972 and later refer to earned premiums and are revised to exclude premiums for accidental death and dismemberment and other such limited coverages. The category "Hospital-medical expense" includes premiums for hospital surgical, physician's, dental and major medical protection.

SOURCE: Health Insurance Association of America.

Table 3.3
Health Insurance Premiums by Type of Insurer in the United States by State, 1978

(000,000 omitted)

State	Total	Insurance companies	Blue Cross/ Blue Shield and other hospital-medical plans
Alabama	$ 786	$ 404	$ 382
Alaska	53	47	6
Arizona	498	364	134
Arkansas	334	193	141
California	6,074	3,121	2,953
Colorado	558	328	230
Connecticut	916	483	433
Delaware	199	69	130
District of Columbia	669	160	509
Florida	1,573	1,192	381
Georgia	1,024	753	271
Hawaii	260	50	210
Idaho	164	87	77
Illinois	3,052	1,949	1,103
Indiana	1,345	734	611
Iowa	683	331	352
Kansas	537	238	299
Kentucky	656	296	360
Louisiana	704	464	240
Maine	201	93	108
Maryland	884	387	497
Massachusetts	1,652	580	1,072
Michigan	3,390	1,245	2,145
Minnesota	833	556	277
Mississippi	381	286	95
Missouri	1,228	649	579
Montana	151	85	66
Nebraska	343	201	142
Nevada	144	128	16
New Hampshire	164	77	87
New Jersey	1,712	832	880
New Mexico	185	132	53
New York	6,718	2,006	4,712
North Carolina	996	594	402
North Dakota	152	51	101
Ohio	3,140	1,391	1,749
Oklahoma	481	312	169
Oregon	640	278	362
Pennsylvania	3,264	1,125	2,139
Rhode Island	246	53	193
South Carolina	496	306	190
South Dakota	110	86	24
Tennessee	911	535	376
Texas	2,604	1,917	687
Utah	223	125	98
Vermont	107	49	58
Virginia	975	497	478
Washington	928	360	568
West Virginia	460	199	261
Wisconsin	1,220	553	667
Wyoming	82	48	34
Total	55,106	26,999	28,107

(Continued on next page)

Table 3.3 *(Continued)*

Health Insurance Premiums by Type of Insurer in the United States by State, 1978

(000,000 omitted)

State	Total	Insurance companies	Blue Cross/ Blue Shield and other hospital-medical plans
Puerto Rico and U.S. Territories and Possessions	192	75	117
Administrative Services Only Agreements	5,639	5,639	-
Total United States	$60,937	$32,713	$28,224

NOTE: Data refer to earned premiums. Premiums shown for "Insurance companies" include those for loss of income protection and exclude premiums for accidental death and dismemberment and other such limited coverages.

SOURCES: Health Insurance Association of America, Health Insurance Institute, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

CHAPTER 4
Federal, State and Local Government Health Care Programs

Medical and health care services are provided through a variety of public programs at all levels of government. In addition, the Federal, state and local government agencies often fund research projects and construct medical facilities with public funds. Of the more than $192.4 billion dollars in national health care expenditures in 1978 (see Chapter 5), $78.1 billion was spent for health and medical care programs at all levels of government (Table 4.1).

As the number of programs funded by public monies has multiplied and expanded, so, too, has the share of national health expenditures accounted for by public funds. In fiscal 1968, governmental expenditures for health care amounted to 37.3% of total national health expenditures, compared to 40.6% in 1978. The introduction of Medicare produced the largest single-year increase in 1967, during which governmental expenditures rose from 25.7% to 33.1% of total national health expenditures.

Federal Programs

Prior to 1967, state and local expenditures for health care exceeded Federal expenditures; Federal health expenditures accounted for less than 5% of all Federal spending. Today, Federal expenditures for health care are more than double state and local expenditures and account for nearly 13% of all Federal spending (Table 4.2).

The majority of Federal health spending is for health services to six major groups: low-income individuals and others eligible for Medicaid services, those over 65 (Medicare), military personnel and their dependents, veterans, Federal civilian employees, and Native Americans. In 1979 Federal budget outlays for health care facilities and services for these groups accounted for 86% of total Federal health spending.

Medicaid. Title XIX of the Social Security Act provides for a program of medical assistance for certain low-income individuals and families. The program, known as Medicaid, became Federal law in 1965.

Medicaid is basically administered by each state within certain broad Federal requirements and guidelines. The program is financed jointly with state and Federal funds and is designed to provide medical assistance to those groups or categories of people who are eligible to receive payment under one of the existing cash assistance programs, (i.e., Aid to Families with Dependent Children and Supplemental Security Income). In addition, states may provide Medicaid to the "medically needy," that is, to people who fit into one of the categories eligible for public assistance, who have enough income to pay for their basic living expenses but not enough to pay for their medical care. As of January 1979, thirty-one states, plus Guam, Puerto Rico and the Virgin Islands granted Medicaid eligibility to their "medically needy" populations.

Many members of the Medicaid population are aged or disabled and are also covered under Medicare. In cases where this dual coverage exists, most state Medicaid programs pay for the Medicare premiums, deductibles and copayments, and for services not covered by Medicare.

In order to qualify for Federal matching funds, state programs must include: inpatient hospital services; outpatient hospital services; laboratory and X-ray services; skilled nursing and home health services for individuals 21 and over; family planning services; early and periodic screening, diagnosis and treatment for children under 21; and physicians' services at home, in the office, hospital, nursing home or elsewhere.

In fiscal 1978, the Medicaid program paid a total of $17.8 billion in benefits and averaged nine million recipients per month (Table 4.3).

States participate in the Medicaid program at their option. All states except Arizona currently have Medicaid programs. The District of Columbia, Guam, Puerto Rico, and the Virgin Islands also provide Medicaid coverage.

Medicare. Medicare, which became effective July 1, 1966, is a Federally administered program providing hospital and medical insurance protection for over 24 million people — those 65 and older, people under age 65 who have been receiving cash benefits under the Social Security or Railroad Retirement programs because they are disabled, and certain chronic kidney disease patients under age 65. Medicare consists of two parts: compulsory hospitalization insurance (HI), also called Part A; and voluntary supplementary medical insurance (SMI), Part B, which helps pay for physicians' services and some medical services and supplies not covered under Part A. Part A is financed by contributions from employers and employees; Part B is voluntary and is financed by monthly premiums paid by those who choose to enroll and by the Federal government.

As of January 1, 1980, the out-of-pocket deductible for Part A of Medicare rose to $180 (from $160) for the first 60 days total and $45 (from $40) for the third month.

Part B provides benefits equal to 80% of covered medical-surgical charges after the insured has paid a $60 deductible amount toward those charges. An individual's premium is $8.70 ($9.60 on July 1, 1980).

Prior to 1973, aliens and some Federal civil service employees and annuitants were not eligible for Part A of Medicare even though they were 65 or over. In 1973 the law was amended to allow them to enroll in Part A by paying a monthly premium. The premium is high, $69 ($78 on July 1, 1980) a month, since it is based on the full cost of hospital care for a high risk group. These individuals have always had the option of enrolling in Part B.

Since the first full year of Medicare in 1967, total benefits paid have increased from $4.5 billion to over $24.9 billion in 1978, an increase of 448% (Table 4.4). Part of the increase is due to the eligibility of certain disabled persons beginning in 1973, so that in 1978 nearly 13% of total benefits paid went to individuals who are under age 65. Benefits paid under Part A totaled $17.7 billion in 1978, of which $15.6 billion went to those age 65 and over. Part B paid $7.2 billion, of which $6.1 billion went to the elderly.

Insurance companies, Blue Cross-Blue Shield plans and Group Health Insurance of New York participate as fiscal intermediaries for the government. In 1979, five private health insurance companies served as fiscal intermediaries for Part A of Medicare and 12 companies for Part B (Table 4.6).

Military Personnel and Dependents. All active and retired military personnel and their dependents are eligible for medical treatment at any Department of Defense (DOD) installation medical facility. Additionally, DOD operates the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) to provide reimbursement (after payment of a deductible for covered medical care rendered in civilian facilities to wives and children of active military personnel, to retired military personnel and their dependents, and to dependents of deceased personnel (unless eligible for Part A of Medicare). The program is designed for those unable to use government medical facilities for reasons of distance, overcrowding of such facilities or the unavailability of appropriate treatment at a military medical center.

Of the $3.4 billion spent on medical care by the Department of Defense in fiscal 1978, $527 million was for medical services rendered under CHAMPUS.

Federal Civilian Employees. Civilian employees of the Federal government may participate in a variety of insurance programs (including HMOs) through the payment of biweekly premiums by the employing agency and the employee. Nearly 3.4 million Federal civilian employees and annuitants were enrolled, and more than 6.5 million dependents were also insured in 1978. Most annuitants who were covered under the Federal Employees Health Benefits Program when they were employed by the Federal government may elect to continue this coverage. Annuitants not previously insured under the program may participate in the Retired Federal Employees Health Benefits Program, which, among other options, provides for government payment of the premium for Medicare Part B. Of the 137,198 retirees enrolled in this program on June 30, 1978, 36% had chosen the Medicare part B option. The remainder were covered under private plans.

In addition to Federal payment of the employer contributions under these programs, the Federal government also incurs administrative expenses and operates in some Federal agencies' inplant health care facilities for Federal civilian employees.

Total Federal expenditures for all of these Federal civilian health programs in fiscal 1978 amounted to over $1.8 billion.

Veterans Medical Care. The Veterans' Administration (VA) operates 172 hospitals and 47 independent outpatient clinics for the care of individuals with active service in the armed forces who were discharged from duty other than dishonorably. Priority is given to patients with service-related ailments. Of the $5.2 billion spent by the Federal government for VA medical services in 1978, $4.9 billion was for medical care and hospital services.

Inpatient care was provided to some 1.3 million veterans in 1978.

Indian Health Services. A total of $467 million in Federal funds was spent to provide health services to more than 625,000 American Indians and Alaskan natives in 1978. The services included hospital care and other medical services; the construction of hospitals, sanitation facilities and housing for health service employees; health manpower training and education; health planning; and research.

Workers' Compensation Medical Care. The Federal government in calendar 1978 paid $117 million of the nearly $3.1 billion in hospital and medical benefits and administrative expenses under Workers' Compensation laws in the various states. (Table 4.7). Hospital and medical costs amounted to about one-third of all Workers' Compensation expenditures.

State and Local Programs

The nation's 57 official State Health Agencies (SHAs) spent an estimated $3.3 billion in fiscal 1978, including $1.1 billion of Federal funds (Table 4.8). These figures do not include Medicaid expenditures or funds expended for public health purposes by other state agencies. Expenditures for activities of Local Health Departments (LHDs) are included only to the extent that they represent the State Health Agency grants to LHDs.

Not all SHAs perform the same services. In some states certain services are performed by other state agencies. For example, expenditures for mental health services may be controlled by a separate Mental Health Agency.

The public health programs of SHAs can be classified into four program areas, apart from general administrative and service functions: personal health, environmental health, health resources and laboratory services.

Nearly 72% of the expenditures of SHAs were in the personal health area in 1978 and included nine program categories: general and supporting personal health, maternal and child health, communicable disease, crippled children, dental health, chronic disease, mental health and related programs, SHA-operated institutions, and other personal health (for instance home health care and services to special population groups such as migrants).

There were some 2,800 local health departments in 1978. The territories and possessions (except Puerto Rico), three states and the District of Columbia do not have LHDs.

Table 4.1
Federal, State and Local Government Expenditures for Health and Medical Care

	Amount (in millions)				
Year	Federal	State and Local	Total	Total Per Capita	Total as Percent of All National Health Care Expenditures (Public & Private)
Ending June 30					
1950	$ 1,362	$ 1,704	$ 3,065	$ 19.97	25.5%
1955	1,948	2,473	4,421	26.47	25.5
1960	2,918	3,478	6,395	35.03	24.7
1965	4,625	4,911	9,535	48.48	24.5
1966	N.A.	N.A.	10,830	54.41	25.7
1967	N.A.	N.A.	15,853	78.78	33.1
1968	N.A.	N.A.	20,040	98.54	37.3
1969	N.A.	N.A.	22,937	111.70	37.8
1970	16,600	8,791	25,391	122.39	36.7
1971	N.A.	N.A.	28,775	137.32	37.3
1972	N.A.	N.A.	33,473	158.20	38.6
1973	N.A.	N.A.	36,668	171.96	38.4
1974	27,499	14,013	41,512	193.27	39.0
1975	N.A.	N.A.	52,368	241.79	42.3
1976	N.A.	N.A.	60,182	275.60	42.7
Ending Dec. 31					
1976	42,531	19,768	62,299	284.06	41.8
1977	47,358	21,965	69,323	313.50	40.8
1978*	53,725	24,411	78,136	350.40	40.6

*Preliminary data.

NOTE: Details may not add to total due to rounding.

SOURCE: Social Security Administration, *Social Security Bulletin*, "National Health Expenditures, Fiscal Year 1977," July 1978, and Health Care Financing Administration, *Health Care Financing Review*, Summer 1979.

Table 4.2
Federal Government Health Budget Outlays
(in millions)

Fiscal Year	Medicaid and Predecessors	Medicare	Dept. of Defense	Veterans Services	Indian Health Services	Federal Civilian Employees Health Insurance	Research	Medical Facilities Construction*and Other	Total	% of Total Federal Budget
1960	$ 200	N.A.	$ 880	$ 879	N.A.	-	$ 448	$1,093	$ 3,500	3.8%
1965	555	N.A.	937	1,115	$ 71	$ 149**	1,040	1,293	5,160	4.4
1966	766	$ 65†	1,107	1,161	75	165**	1,315	1,274	5,928	4.4
1967	1,205	3,395	1,432	1,252	83	202**	1,364	1,868	10,801	6.8
1968	1,834	5,347	1,648	1,343	94	223	1,547	2,096	14,132	7.9
1969	2,298	6,598	1,750	1,431	107	230	1,528	2,614	16,556	8.9
1970	2,607	7,149	1,760	1,651	120	233	1,577	2,969	18,066	9.2
1971	3,374	7,875	1,957	1,874	143	350	1,565	3,040	20,178	9.5
1972	4 166	8,819	2,341	2,256	170	502	1,776	4,501	24,531	10.6
1973	4,997	9,479	2,468	2,587	198	561	2,002	3,738	26,030	10.6
1974	5,833	11,348	2,741	2,787	216	729	2,078	3,457	29,189	10.9
1975	7,056	14,781	3,085	3,287	283	1,029	2,453	4,816	36,790	11.3
1976	8,381	17,777	3,232	3,793	332	1,397	2,818	5,883	43,613	11.9
1977	9,714	21,391	3,815	4,708	395	1,654	3,147	4,812	49,636	12.4
1978	10,960	25,551	3,354	5,174	467	1,837	3,715	4,277	55,335	12.2
1979	12,407	29,148	4,332	5,509	555	1,991	3,929	4,875	62,746	12.7
1980††	14,160	34,931	4,632	6,320	603	2,295	4,345	3,709	70,995	12.6
1981††	15,770	37,349	5,147	6,568	673	2,594	4,635	5,248	77,984	12.7

N.A.—Not available.

*Except Veterans Administration, Department of Defense and Indian Health Services facilities construction.

**Fiscal year estimates based on calendar year data provided by U.S. Office of Personnel Management.

†July to December. ††Estimated.

NOTE: Data include administrative expenses.

SOURCES: U.S. Office of Management & Budget, *Special Analyses. Budget of the United States Government*, various years; Social Security Administration, "Social Welfare Expenditures", *Social Security Bulletin*, various years; U.S. Department of Health and Human Services, Indian Health Service; U.S. Office of Personnel Management.

Table 4.3
Average Monthly Number of Medicaid Recipients and Benefits Paid By Federal and State Governments

(in millions)

	Total		Age 65 and Over		Families with Dependent Children		All Others	
Fiscal Year	Average Monthly Recipients	Annual Benefits Paid	Average Monthly Recipients	Annual Benefits Paid	Average Monthly Recipients	Annual Benefits Paid	Average Monthly Recipients	Annual Benefits Paid
1968	3.6	$ 3,451.4	1.2	$1,534.8	1.5	$ 850.7	.9	$1,065.9
1969	4.3	4,273.4	1.4	1,757.6	2.1	1,275.3	.8	1,240.5
1970	4.8	4,807.5	1.4	1,881.8	2.5	1,495.6	.9	1,430.1
1971	5.9	5,939.2	1.6	2,226.1	3.2	2,003.0	1.1	1,710.1
1972	6.8	7,374.9	1.8	2,702.9	3.6	2,430.8	1.4	2,241.2
1973	7.3	8,810.2	1.9	3,288.9	3.9	2,830.1	1.5	2,691.2
1974	7.7	10,148.7	1.9	3,701.9	4.1	3,282.3	1.7	3,164.5
1975	8.5	12,289.2	2.0	4,618.3	4.7	3,962.1	1.8	3,708.8
1976	9.2	14,208.3	2.1	5,190.9	5.1	4,442.4	2.0	4,575.0
1977	9.0	16,289.5	2.0	5,918.5	5.0	4,921.8	2.0	5,449.2
1978	9.0	17,805.3	2.1	6,727.3	4.9	5,042.7	2.0	6,035.3

NOTE: Excludes premium and per capita amounts and state expenditures not eligible for Federal matching funds.

SOURCE: U.S. Department of Health and Human Services, Office of Research, Demonstrations and Statistics.

Table 4.4
Medicare Enrollments and Benefit Payments
(in millions)

Calendar Year	Hospital and/or Medical Insurance		Hospital Insurance (Part A)		Supplementary Medical Insurance (Part B)	
	Number of Enrolled Persons*	Benefit Payments	Number of Enrolled Persons*	Benefit Payments	Number of Enrolled Persons*	Benefit Payments
All Enrollees						
1966 (July-Dec.)	19.1	$ 1,019	19.1	$ 891	17.7	$ 128
1967	19.5	4,549	19.5	3,353	17.9	1,197
1968	19.8	5,697	19.8	4,179	18.8	1,518
1969	20.1	6,603	20.0	4,739	19.2	1,865
1970	20.5	7,099	20.4	5,124	19.6	1,975
1971	20.9	7,868	20.7	5,751	20.0	2,117
1972	21.3	8,643	21.1	6,318	20.4	2,325
1973	23.5	9,583	23.3	7,057	22.5	2,526
1974	24.2	12,418	23.9	9,099	23.2	3,318
1975	25.0	15,588	24.6	11,315	23.9	4,273
1976	25.7	18,420	25.3	13,340	24.6	5,080
1977	26.5	21,774	26.1	15,737	25.4	6,038
1978	27.2	24,934	26.8	17,682	26.1	7,252
Enrollees Age 65 and Over						
1966 (July-Dec.)	19.1	$ 1,019	19.1	$ 891	17.7	$ 128
1967	19.5	4,549	19.5	3,353	17.9	1,197
1968	19.8	5,697	19.8	4,179	18.8	1,518
1969	20.1	6,603	20.0	4,739	19.2	1,865
1970	20.5	7,099	20.4	5,124	19.6	1,975
1971	20.9	7,868	20.7	5,751	20.0	2,117
1972	21.3	8,643	21.1	6,318	20.4	2,325
1973**	21.8	9,172	21.6	6,660	20.9	2,512
1974**	22.3	10,817	22.0	7,846	21.4	2,971
1975**	22.8	13,152	22.5	9,476	21.9	3,676
1976**	23.3	15,606	22.9	11,201	22.4	4,405
1977**	23.8	18,549	23.5	13,308	23.0	5,241
1978**	24.4	21,766	24.0	15,638	23.5	6,128

*As of July 1.

**Benefits estimated by the Health Care Financing Administration.

SOURCE: Office of Research, Demonstrations and Statistics, Health Care Financing Administration, Department of Health and Human Services. *1979 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund* and *1979 Annual Report of the Board of Trustees of the Federal Supplementary Medical Trust Fund.*

Table 4.5
Medicare and Medicaid Benefit by State, Fiscal 1978

(Millions of dollars and thousands of persons)

	Medicare		Medicaid	
	Benefits* paid	Number of persons enrolled (7/1/78)	Benefits** paid	Unduplicated count of recipients
Alabama	$ 331.1	467.0	$ 203.4	309.5
Alaska	11.7	10.9	24.0	13.9
Arizona	255.5	293.6	-	-
Arkansas	205.8	333.2	174.2	216.5
California	2,774.2	2,496.3	2,261.0	3,282.7
Colorado	209.3	254.1	154.0	N.A.
Connecticut	348.9	374.4	255.6	N.A.
Delaware	55.6	62.3	29.4	69.0
District of Columbia	97.6	78.2	117.9	135.0
Florida	1,477.6	1,577.9	60.7	N.A.
Georgia	372.2	551.5	354.0	459.0
Hawaii	62.8	73.6	76.7	109.1
Idaho	63.3	97.0	38.3	63.6
Illinois	1,353.1	1,311.1	1,052.9	1,110.1
Indiana	473.3	618.8	268.2	238.5
Iowa	297.8	407.6	180.1	167.4
Kansas	282.1	317.6	153.4	176.7
Kentucky	269.7	446.6	197.2	N.A.
Louisiana	293.6	425.7	286.2	N.A.
Maine	122.4	152.4	102.0	126.3
Maryland	418.4	398.7	223.2	306.7
Massachusetts	821.1	755.7	804.2	1,023.4
Michigan	1,057.1	990.0	901.0	911.9
Minnesota	421.0	497.7	424.4	N.A.
Mississippi	205.5	313.6	160.2	285.9
Missouri	577.7	687.3	200.3	373.1
Montana	63.5	90.0	50.2	41.8
Nebraska	155.6	214.3	84.6	69.2
Nevada	60.8	63.1	24.9	21.0
New Hampshire	79.9	107.1	50.2	48.1
New Jersey	839.7	902.0	517.7	655.3
New Mexico	83.7	119.6	51.1	80.8
New York	2,446.4	2,310.8	3,274.3	N.A.
North Carolina	415.1	632.8	276.9	389.3
North Dakota	71.9	84.6	35.5	29.7
Ohio	1,042.6	1,252.9	604.4	779.4
Oklahoma	291.0	390.2	205.7	253.2
Oregon	250.6	313.0	150.0	224.5
Pennsylvania	1,382.1	1,609.4	1,163.6	2,540.1
Rhode Island	127.9	132.9	119.1	N.A.
South Carolina	180.5	306.0	164.0	249.2
South Dakota	62.7	96.0	39.7	N.A.
Tennessee	363.6	549.6	264.3	347.4
Texas	1,139.0	1,382.4	735.8	688.2
Utah	73.0	110.0	64.7	64.9
Vermont	47.2	62.5	48.2	49.1
Virginia	389.7	524.7	260.1	310.2
Washington	322.7	441.6	232.1	280.6
West Virginia	164.0	267.6	74.5	188.6
Wisconsin	503.3	593.3	501.4	N.A.
Wyoming	25.6	38.9	9.9	N.A.
State Unknown	12.0	26.4	-	-
Total United States	$23,452.5	26,614.5	$17,705.4	N.A.

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Table 4.5 *(Continued)*
Medicare and Medicaid Benefit by State, Fiscal 1978

(Millions of dollars and thousands of persons)

	Medicare		Medicaid	
	Benefits* paid	Number of persons enrolled (7/1/78)	Benefits** paid	Unduplicated count of recipients
U.S. Territories and Possessions	84.3	327.0	99.9†	N.A.
Foreign Countries	5.9	222.7	-	-
Grand Total	$23,542.7	27,164.2	$17,805.3	22,946.2††

N.A.—Not available.

*Medicare data exclude retroactive adjustments made at end of accounting year on basis of reasonable costs of operation. Data are for calendar year 1978.

**Medicaid data for some states include expenditures not computable for Federal funding.

†Guam did not report in fiscal 1978.

††Estimated.

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration.

Table 4.6
Medicare Benefits Paid by Insurance Companies, 1979
(000 omitted)

State	Hospitalization Insurance (Part A)	Supplementary Medical Insurance (Part B)
Alabama	$ 14,751	*
Alaska	*	$ 268
Arizona	713	89,430
California	415,318	378,803**
Colorado	3,206	*
Connecticut	86,455	97,034
District of Columbia	27,994	*
Florida	121,103	*
Georgia	7,683	114,339
Hawaii	685	23,071
Idaho	530	13,863
Illinois	120,116	56,180**
Indiana	257	*
Iowa	135	*
Kansas	2,849	*
Kentucky	4,288	60,483
Louisiana	7,023	75,546
Maryland	30,592	*
Massachusetts	156,483	*
Michigan	44,320	*
Minnesota	*	90,647
Mississippi	3,908	48,783
Missouri	50,582	93,770**
Montana	605	*
Nebraska	78,377	34,610
Nevada	78,003	23,919
New Jersey	256,771	252,282
New Mexico	*	21,885
New York	118,902	41,997**
North Carolina	757	112,916
Ohio	71,262	263,043
Oklahoma	30,564	64,263
Oregon	5,966	72,622
Pennsylvania	331,679	*
South Carolina	4,223	*
South Dakota	4,202	*
Tennessee	32,011	105,342
Texas	127,089	*
Utah	976	*
Virginia	15,405	83,331
Washington	87,122	*
West Virginia	1,907	35,549
Wisconsin	663	*
Wyoming	120	4,081
Railroad Retirement†	–	196,780
Grand Total	$2,345,595	$2,454,837

*These states and states not listed in table have fiscal intermediaries other than private insurance companies. These include Blue Cross/Blue Shield plans.

**Only part of state involved.

†U.S. total.

SOURCE: Health Insurance Institute.

Table 4.7
Hospital and Medical Benefits Paid Under Worker's Compensation

(in millions)

	State and Local	Federal	Total
Fiscal year			
1960	$ 411.0	$ 9.0	$ 420.0
1965	568.7	11.3	580.0
1966	628.2	11.8	640.0
1967	701.1	13.9	715.0
1968	774.7	15.3	790.0
1969	858.3	16.7	875.0
1970	964.3	20.7	985.0
1971	1,064.9	25.1	1,090.0
1972	1,158.1	26.9	1,185.0
1973	1,322.7	32.3	1,355.0
1974	1,563.9	36.1	1,600.0
1975	1,809.8	50.2	1,860.0
1976	2,098.7	66.3	2,165.0
1977	2,530.5	69.5	2,600.0
Calendar Year			
1976	2,256.5	69.5	2,326.0
1977	2,584.0	79.0	2,663.0
1978	2,944.0	117.0	3,061.0

*For 1970 and succeeding years data include Federal "black lung" benefits.

SOURCES: Social Security Administration, "Social Welfare Expenditures," *Social Security Bulletin*, various years, and Health Care Financing Administration, "National Health Expenditures," *Health Care Financing Review*, Summer 1979.

Table 4.8
Public Health Programs of State Health Agencies: Expenditures and Persons Served, 1978

(000 omitted)

	Expenditures by Source				Personal Health Services*	
States	Total	Federal	State	Other**	Expenditures (Included in Total)	Persons Receiving Any Service†
Alabama	$ 37,300	$ 21,748	$ 12,805	$ 2,746	$ 21,709	2,555
Alaska	12,309	2,058	9,562	689	9,413	76
Arizona	66,072	19,566	40,506	6,000	51,889	1,026
Arkansas	31,140	15,699	15,012	429	19,661	989
California	220,928	73,885	133,159	13,885	123,819	3,046
Colorado	35,897	19,673	16,224	-	22,599	464
Connecticut	33,648	15,819	17,829	-	23,082	576
Delaware	18,890	3,139	15,482	268	16,166	166
District of Columbia	49,675	10,676	33,183	5,816	44,303	675
Florida	100,756	29,969	39,282	31,504	59,278	3,531
Georgia	62,193	29,614	31,504	1,075	44,077	1,331
Hawaii	90,623	10,071	53,313	27,239	81,234	673
Idaho	10,262	6,782	3,057	423	6,072	318
Illinois	53,917	30,946	22,710	261	32,391	6,652
Indiana	30,660	16,953	13,707	-	10,808	655
Iowa	16,289	11,394	4,783	112	11,711	578

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Table 4.8 *(Continued)*

Public Health Programs of State Health Agencies: Expenditures and Persons Served, 1978

(000 omitted)

	Expenditures by Source				Personal Health Services*	
States	Total	Federal	State	Other**	Expenditures (Included in Total)	Persons Receiving Any Service†
Kansas	18,510	10,172	7,228	1,110	8,741	1,621
Kentucky	108,425	26,687	58,603	23,136	87,572	4,363
Louisiana	49,092	22,542	12,479	14,071	36,338	965
Maine	9,568	7,105	1,756	707	8,425	183
Maryland	278,347	42,833	206,694	28,820	230,268	628
Massachusetts	101,545	25,374	76,171	-	85,987	1,477
Michigan	124,304	51,360	65,298	7,646	90,169	1,336
Minnesota	32,980	13,918	16,038	3,024	6,236	1,124
Mississippi	41,721	22,050	9,575	10,096	33,592	1,112
Missouri	52,680	20,089	32,591	-	36,845	2,225
Montana	15,426	11,413	3,966	46	7,940	203
Nebraska	10,808	7,402	2,398	1,008	5,518	291
Nevada	9,140	4,383	4,241	516	6,314	206
New Hampshire	7,322	3,582	3,740	-	4,798	163
New Jersey	73,411	35,096	36,947	1,368	55,742	849
New Mexico	57,561	11,990	36,255	9,316	47,201	236
New York	259,188	77,429	163,740	18,019	164,708	1,287
North Carolina	68,266	30,302	31,869	6,095	57,006	1,834
North Dakota	18,469	5,567	9,413	3,490	14,660	228
Ohio	78,931	52,600	21,568	4,763	60,053	1,537
Oklahoma	26,776	12,004	8,290	6,481	15,633	802
Oregon	19,118	11,599	4,151	3,369	11,080	654
Pennsylvania	109,274	39,534	68,389	1,351	71,440	4,868
Rhode Island	18,807	6,679	12,128	-	8,541	152
South Carolina	71,622	29,177	32,005	10,440	42,543	1,037
South Dakota	8,747	6,096	1,996	655	5,338	269
Tennessee	80,931	31,380	38,708	10,843	57,527	1,120
Texas	145,930	55,913	59,332	30,685	106,503	3,342
Utah	18,563	10,542	7,770	251	10,551	945
Vermont	12,124	8,763	3,361	-	9,352	283
Virginia	84,577	17,220	39,863	27,495	60,773	1,145
Washington	39,522	26,135	11,488	1,900	26,885	735
West Virginia	66,091	10,624	55,439	28	56,933	618
Wisconsin	25,469	14,314	8,757	2,399	12,271	986
Wyoming	7,674	2,664	4,899	110	5,506	189
Puerto Rico and Other Territories and Possessions	234,070	50,840	177,577	5,655	204,202	1,690
Grand Total	$3,255,548	$1,133,369	$1,796,939	$325,341	$2,331,400	64,015

*Other program areas for which state health agencies may be responsible include environmental health, health resources and laboratory.

**Includes local funds, fees and reimbursements, and other sources.

†Estimated unduplicated count.

NOTE: Data exclude expenditures for local health departments, those funds expended for public health purposes by other state agencies such as separate mental health agencies, and Medicaid. Details may not add to totals due to rounding.

SOURCE: Association of State and Territorial Health Officials, National Public Health Program Reporting System. *Comprehensive NPHPRS Report: Services, Expenditures and Programs of State and Territorial Health Agencies, Fiscal Year 1978.*

CHAPTER 5
Medical Care Costs

Each year Americans spend increasingly large amounts for medical care. The increases are the result of a combination of factors—higher costs, greater demand for health services, rising per capita incomes, and growth and availability of private health insurance. Other major influences include the introduction of newer and costlier medical techniques and procedures, higher educational level of the population (which is generally associated with greater expenditures for personal health care), growing awareness of the availability of medical care, and a rising proportion of elderly persons in the population, who as a group are prone to a higher incidence of health-related problems.

Total Medical Expenditures

In this chapter, spending for health care is discussed in terms of the National Health Expenditure, the Personal Health Care Expenditure, Personal Consumption Expenditures for Medical Care, the Consumer Price Index, and the Family Budgets.

Total health care spending, represented by the **National Health Expenditure (NHE)** figure, includes both private and public expenditures for personal health care, medical research and construction of medical facilities, administrative and health insurance costs, and government-sponsored public health activities. Because of its all-inclusive nature, the National Health Expenditure will be discussed in terms of and compared to the Gross National Product. The National Health Expenditure figure covers spending for health care over the 12-month calendar year.

The **Personal Health Care Expenditure (PHCE)** figure represents total private and public spending for health and medical services for the direct benefit of the individual, representing 87% of 1978 National Health Expenditures.

Included are expenditures for hospital care, physicians', dentists' and other professional services, drugs and drug sundries, eyeglasses and appliances, nursing home care, and spending for in-plant health services. Not included are expenditures for medical research, construction of medical facilities, public health activities such as disease prevention and control, and the net cost of health insurance — the difference between premiums and benefits paid. (The latter items are included in the National Health Expenditure figure.)

Personal Consumption Expenditures (PCE) for medical care represent private payments, although monies from three government programs (Medicare, Workers' Compensation and Temporary Disability Insurance) are treated as transfer payments and are included. The PCE is computed as an annual average.

While the same basic categories of expenditures comprise the PCE for medical care and the PHCE portion of the NHE figure, different accounting practices are used for each. Some important distinctions include:

(1) With respect to hospital costs, the PHCE figure focuses on personal outlays for hospital services and does not include the cost of providing services; the PCE includes the latter item for private, nonprofit hospitals.

(2) The PCE includes the net cost of health insurance (i.e., earned premiums less benefits paid) but the PHCE does not. However, this figure is included in the NHE data.

The Consumer Price Index (CPI) measures the average change in prices of all types of consumer goods and services purchased by urban wage earners and clerical workers. The index measures the effect of *price change only* on the cost of living. It does *not* measure changes in the total amount families spend.

Hypothetical **Family Budgets** are estimated annually by the U.S. Bureau of Labor Statistics for two types of families: the urban family of four and the retired couple. The budgets each represent the costs of three hypothetical lists of goods and services that were specified in the mid-1960s to portray three relative standards of living—described as lower, intermediate and higher. The budgets are for a precisely-defined urban family of four and for a self-supporting urban retired couple.

The medical care component of the budget for a family of four includes family membership in a group hospital and surgical plan, a specified number of physician visits, eye and dental care and prescriptions (except that the higher budget also includes major medical insurance coverage). For the retired couple, the budget includes out-of-pocket expenses for Medicare and for items not covered by Medicare, including dental care, prescriptions and eyeglasses.

National Health Expenditures

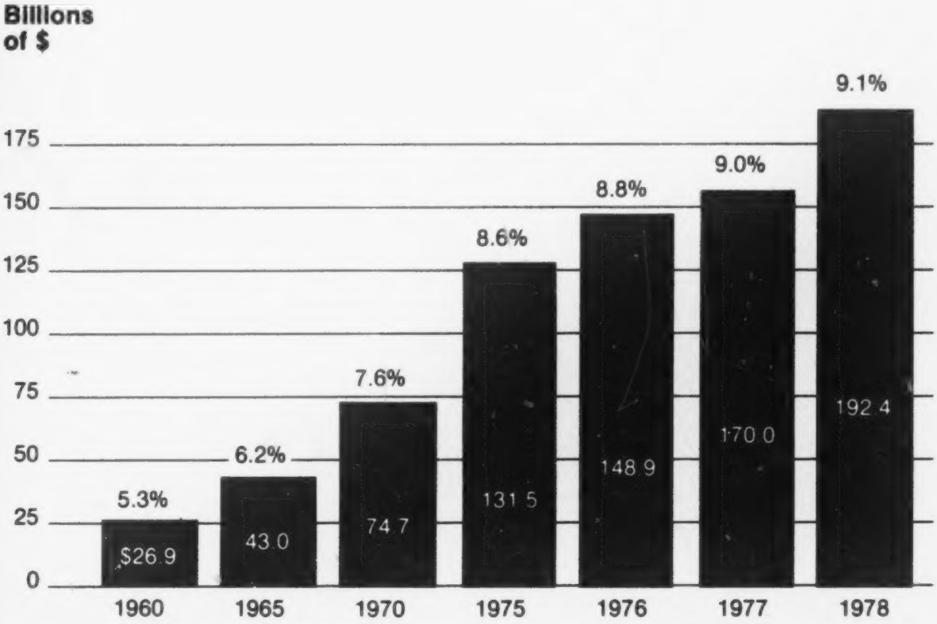
National health spending reached $192.4 billion in 1978 (Table 5.1), or an average of $863 per person.

Total health expenditures showed a 13.2% increase, compared with a 14.2% increase in 1977. Public spending, which financed 40.6% of all health care costs in 1978, increased 12.7% since 1977, while private spending rose 13.5%. Since 1974, the last year price controls for health services were in effect, national health expenditures rose 66.4%.

Hospital care continued to represent the largest share of spending for health purposes, totaling $76.0 billion in 1978. The cost of physicians' services was the next highest at $35.2 billion.

In fiscal 1965, National Health Expenditures represented 6.2% of the Gross National Product. This proportion has continued to increase over the years, reaching a record of 9.1% in 1978. The annual growth rate of National Health Expenditures peaked in 1977. In fiscal 1978, the increase in total health spending was less than in 1977. However, despite the drop in the rate of growth in expenditures for health care in 1978, such spending continued to increase at a faster rate than the Gross National Product. The Gross National Product increased by 11.0% in 1977, and 11.7 in 1978.

According to projections made by the Health Care Financing Administration, national health expenditures will reach $245 billion in



National Health Expenditures and Percent of Gross National Product

1980, $438 billion in 1985 and $758 billion by 1990. Per capita expenditures are projected to be $1,850 in 1985, more than double the 1978 figure of $863. By 1990, per capita expenditures are projected to exceed $3,000 (Table 5.3).

Estimates from the Health Resources Administration (U.S. Department of Health and Human Services) predict that in the year 2000 the total direct and indirect economic costs of illness will exceed $2 trillion (Table 5.4) and will account for between 11% and 12% of the Gross National Product.

Personal Health Care Expenditures

Spending for personal health care in the nation amounted to $167.9 billion in 1978 (Table 5.6). This sum includes all outlays for health and medical services for the direct benefit of the individual, including both public and private spending.

According to an analysis of personal health care expenditures by the Health Care Financing Administration, the effect of inflation on expenditure growth has declined over the last four years, while the impact of intensity — frequency and quality of care — has doubled (Table 5.5). For the twelve month period ending March 1976, price increases accounted for 80 percent of the expenditure growth while the increase in intensity of care contributed 14 percent to the overall growth rate. During the twelve month period ending March 1979, the effect of inflation accounted for 66 percent of the expenditure growth while the impact of intensity of care doubled.

An analysis of the $167.9 billion of national spending for personal health care (Table 5.7) shows the per capita expenditure rose to $753 in 1978. Persons age 65 and over accounted for 29.4% of total personal health care spending in that year, while persons under age 19 and those between the ages of 19 and 64 accounted for 11.8% and 58.8%, respectively.

The largest portion of the personal health care dollar is financed by third-party sources (Table 5.8). Private health insurance, philanthropy, industry and the government paid 67% of all expenditures for personal health care in 1978, compared to 62% in 1973.

Personal health care figures include expenditures of all consumers, whether insured or not. Included are expenses for non-prescribed drugs and medicines, household supplies such as tissues and rubbing alcohol, and other items not covered by insurance.

In terms of the growth of personal health care components, hospital care has been one of the fastest growing categories of expenditures. In 1965, monies spent for hospital care represented 37% of all personal health care expenses. By 1978, the proportion rose to 45%. During the 1965-78 period, total outlays for physicians' services dropped from 23% to 21% of all personal health care spending.

According to a report released by the Congressional Budget Office, an estimated 2.5 million people, or 1.3% of the under age 65 population would incur medical expenses of $5,000 or more in fiscal 1978. The largest proportion of that age group, 73%, were predicted to have per capita expenses for medical care of less than $100.

Personal Consumption Expenditures

Personal Consumption Expenditures for medical care were over $128 billion for calendar year 1978, more than three times the amount spent 10 years earlier. The 1978 amount represented 9.5% of the total spent by Americans on all personal needs, compared with 7.1% a decade earlier.

As a proportion of the public's disposable personal income, these expenditures amounted to 8.8%, up from 6.4% in 1968.

Personal Consumption Expenditures for nongovernmental hospital care (including expenses of nonprofit hospitals, sanitariums and nursing homes, and payments by patients to proprietary hospitals, sanitariums and nursing homes) were more than $54.6 billion in 1978, more than four times the amount in 1968. Payments for physicians' services were $31.2 billion, more than three times the amount spent a decade earlier.

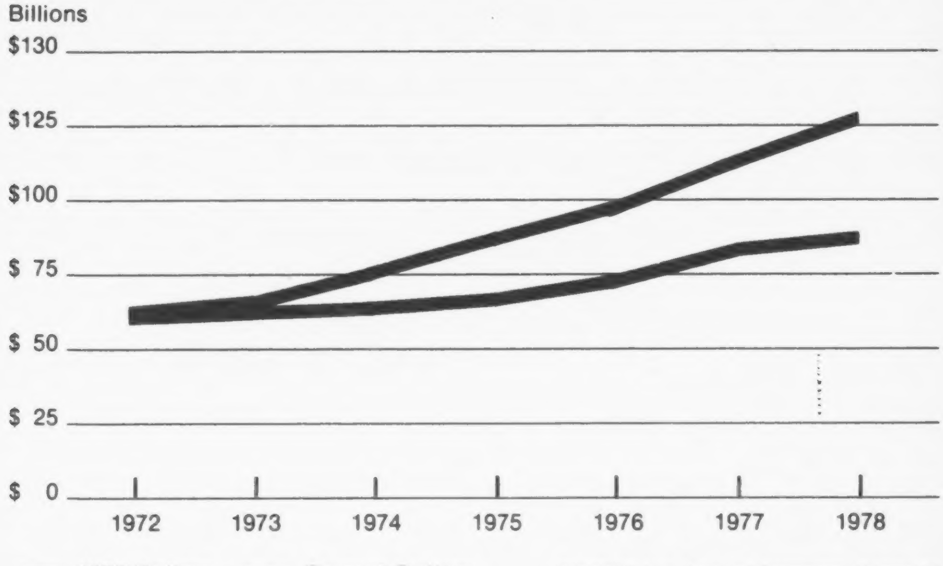
Consumer Price Index

According to the Consumer Price Index (CPI), in 1979 medical costs increased by 9.3% over 1978 compared to an 11.3% increase for all items. This was the first time since 1974 that the CPI for medical care did not outpace the increase for all goods and services.

Individual components of medical care have differed in their rate of increase. Hospital room rates have risen most rapidly.

The Consumer Price Index for 1979 reflects the substantial revisions that were made in many categories of goods and services. Additionally, as of January 1978, the index was revised to include all urban consumers. In the past only

Personal Consumption Expenditures for Medical Care in Current Dollars and Constant 1972 Dollars



SOURCE: U.S. Dept. of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July 1978.

urban wage and clerical workers were included. Thus, the newly created or revised categories should not be compared to prior years.

Family Budgets

The family budget is also used as a means of weighing various components of family consumption costs. Hypothetical budgets for autumn of each year are developed by the Bureau of Labor Statistics for an urban family of four and for a retired couple at the lower, intermediate and higher standard of living levels. The hypothetical data are presented in Tables 5.18-5.20.

Between autumn 1978 and autumn 1979, consumption costs for the four-person family rose 9.0% in the lower budget, 10.2% in the intermediate budget and 10.6% in the higher budget. Among the budget components (which include food, housing, transportation, clothing, personal care and medical care), medical care registered the second largest increase in two of the three budgets.

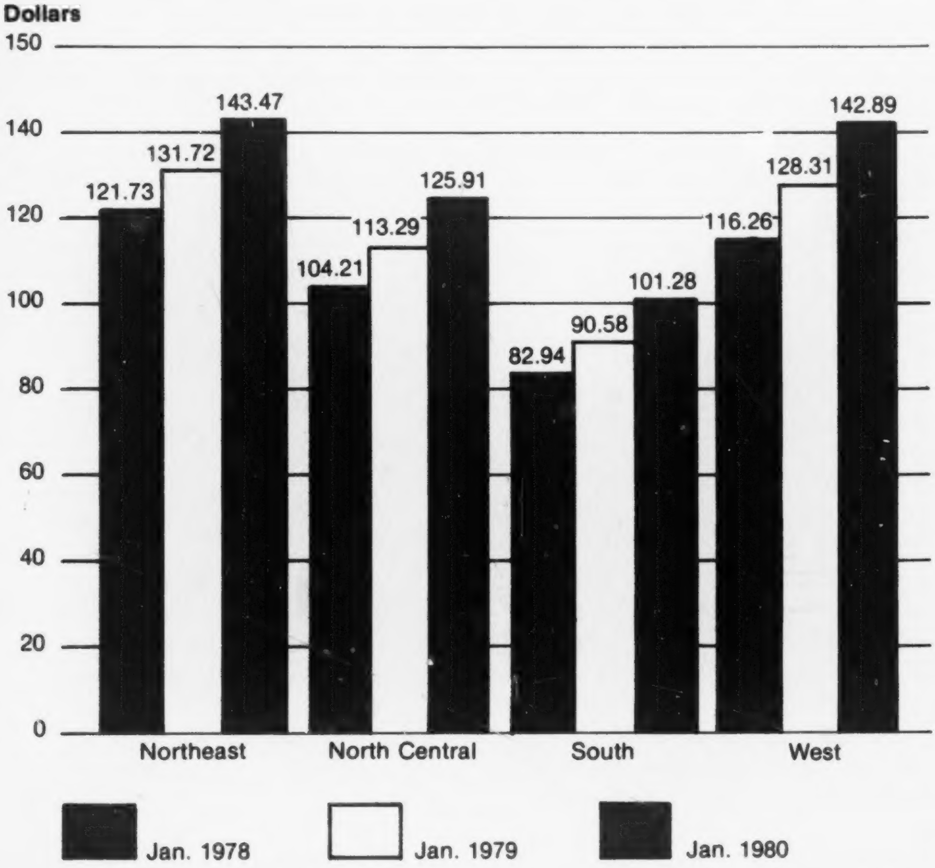
Medical care registered the largest increase in each budget for a retired couple in 1978.

Hospital and Nursing Home Charges

Community Hospital Statistics. The average cost to community hospitals to treat a person in 1978 amounted to $221.90 per patient-day, a 94% increase since 1973. On a state-by-state basis, the average cost per day in 1978 varied considerably from a low of $147.90 in Montana to a high of $425.70 in Alaska.

In 1978, the average length of time a patient remained in a community hospital was 7.6 days com-

Average Cost to Patient Per Day for Semiprivate Hospital Room by Region



NOTE: Northeast includes New England and Middle Atlantic states; North Central, East North Central and West North Central states; South Atlantic, East South Central and West South Central states; and West, Mountain and Pacific states. Data exclude Puerto Rico.

SOURCES: Health Insurance Association of America, *Survey of Hospital Semiprivate Room Charges, January 1978, January 1979 and January 1980* and Health Insurance Institute.

pared with 7.8 days in 1973. In recent years there has been a steady decline in the average length of a hospital stay, due to more sophisticated medical techniques and increased numbers of persons convalescing at home.

Although the length of the average hospital stay declined over the five-year period, the cost for the average stay went up, climbing 89% to reach $1,686.40 per patient stay.

The average length of stay varied by area, from a low of 5.2 days in Utah and Wyoming, to a high of 9.7 days in New York State. Differences are due to incidences of various diseases, age distribution of the population, income levels and postponement of elective admissions.

Total operating costs of community hospitals increased to $58.2 billion in 1978, 105% more than the

$28.4 billion in 1973, [illegible] 13% higher than in 1977.

The American Hospital Association reports that payroll reached $28.9 billion, representing 49.7 percent of community hospital expenditures in 1978. The payroll as a proportion of expenditures has been steadily decreasing since 1962, when it was 51.9 percent of expenditures, while the proportion represented by the nonlabor component has been rising.

Semiprivate Room Charges. A continuing survey conducted by the Health Insurance Association of America indicates that as of January 1980, the national average daily cost to the patient for a semi-private room was $127.39, a 20.8% increase over January 1978. Survey results are based on responses from 3,091 nongovernmental short-term general hospitals nationwide. The highest average rate was in the Northeast, at $143.47 per day. The lowest average rate was in the South, at $101.28 per day.

Nursing Home Charges. A survey on nursing home charges conducted by the National Center for Health Statistics, discloses that the average monthly charge per resident amounted to $669 in 1977. About 11% of the residents paid less than $400 per month while nearly 25% paid $800 or more. The average charge for care in proprietary nursing homes was 11% less than in nonprofit and government facilities.

Geographically, the highest average monthly resident charge was in the Northeast ($864) while the South had the lowest ($603).

Average monthly charges increased with the size of the facility. Nursing homes having less than 50 beds charged an average of $593 per month while those with 200 beds or more averaged $764 per month.

Professional Fees

Surgical and Dental Charges.

Surgical charges vary considerably by geographic region and by metropolitan and nonmetropolitan areas. Table 5.24 containing data from a 1979 survey of insurance company claims conducted by the Health Insurance Association of America shows the variance of eight common surgical procedures in six major metropolitan and six nonmetropolitan areas.

Results of a 1979 survey of average insurance company dental claims (Table 5.25), show less variation by geographic region.

Physician Fees. As tables 5.26 and 5.27 show, physician fees vary considerably by type of practice or speciality, type of visit and region of the United States. In 1979 the median charges for an initial office visit and an office revisit were highest for specialists and for physicians practicing in the Western states. In general, the median charges for all non-surgical specialties were higher than for surgical specialities.

Physician fees also vary by geographic region, as shown in Table 5.26.

Cost of Having a Baby

In 1978, the Health Insurance Institute conducted a survey of 30 metropolitan areas nationwide to determine the average hospital and medical expenses incurred by having a baby, assuming normal delivery with no complications. Average total hospital expenses, including

Cost of Having a Baby

Hospital		
Room & Board (3.3 days) @ $102.00/day	=	$336.60
Nursery (3.3 days) @ $ 66.00/day	=	217.80
Labor Room	=	79.00
Delivery Room	=	153.00
Circumcision Set-up	=	10.00
Pharmacy (mother & baby)	=	39.00
Laboratory (mother & baby)	=	53.00
		$888.40

Medical		
Attending Physician's Complete Obstetrical Charge	=	$ 351.00
Circumcision	=	29.00
Anesthesia	=	100.00 — $ 150.00
Pediatrician's Newborn Care	=	38.00
		$ 518.00 — $ 568.00
GRAND TOTAL	=	$1,406.40 — $1,456.40

SOURCE: Health Insurance Institute.

room and board, nursery, labor and delivery rooms, drugs and tests amounted to $888.40. The average total charged for physicians' services including anesthesia and pediatrician newborn care ranged from $518.00 to $568.00, depending on the type of anesthesia used.

Cost of Catastrophic Illness

Public concern over what has been popularly termed "catastrophic" health care costs has been steadily increasing in recent years.

A report issued by the National Center for Health Services Research (U.S. Department of Health and Human Services) describes how this country's catastrophic illness incidence, costs and financing appeared in 1974. (The study defined a "catastrophe" as medical expenses in excess of $5,000 in a calendar year.)

According to the report, over 2.5 million persons incurred catastrophic medical expense in 1974, totaling $21.94 billion. Thus, 1.2% of the nation accounted for 20% of the national expenditures for health care ($106 billion in 1974). The distribution of catastrophic illness varied widely across the population, as shown in Table 5.28.

The incidence of catastrophic types of illness was dominated by those in the institutionalized population. While the 1.3 million institutionalized individuals represented only .6% of the U.S. population, they accounted for 43% of total catastrophic expenditures.

The aged, noninstitutionalized population accounted for 23% of the entire catastrophic population and 29% of the total catastrophic bill. Three out of every 100 persons in this segment of the population incurred catastrophic levels of expense, a rate eight times that of noninstitutionalized persons under age 65.

Noninstitutionalized persons under 65 with incomes below $7,000 accounted for $2.05 billion and represented one-tenth of the catastrophic population.

Those with incomes equal to or greater than $7,000 accounted for a larger proportion of catastrophic expenses — $4.12 billion.

It was estimated that in 1974, 86% of catastrophic expenditures for noninstitutionalized persons were supported through public payments or third-party payers. Out-of-pocket payments accounted for the remaining 14%.

Table 5.1
National Health Expenditures, 1978 by Type of Expenditure and source of funds

(000,000 omitted)

Type of Expenditure	Total	Private*	Public
Personal Health Care	$167,911	$102,870	$65,042
Expenses for Prepayment and Administration	10,022	7,910	2,112
Government Public Health Activities	5,073	-	5,073
Research	4,287	296	3,991
Construction	5,154	3,236	1,918
Total	$192,448	$114,311	$78,136

NOTE: Details may not add to totals due to rounding.

*Includes spending by philanthropic organizations.

SOURCES: U.S. Department of Health and Human Services, Health Care Financing Administration, *Health Care Financing Review, Summer 1979.*

Table 5.2
Comparison of Growth Rates of Gross National Product and National Health Expenditures

	Gross National Product		National Health Expenditures		
Calendar Year	Amount (000,000,000)	Annual Rate of Growth	Amount (000,000,000)	Annual Rate of Growth	NHE as Percent of GNP
1950	$ 284.8		$ 12.7		4.5%
1955	398.0		17.7		4.4
1960	503.7		26.9		5.3
1965	688.1		43.0		6.2
1970	982.4		74.7		7.6
1971	1,063.4	8.2%	82.8	10.8%	7.8
1972	1,171.1	10.1	92.7	12.0	7.9
1973	1,306.6	11.6	102.3	10.4	7.8
1974	1,412.9	8.1	115.6	13.0	8.2
1975	1,528.8	8.2	131.5	13.8	8.6
1976	1,700.1	11.2	148.9	13.2	8.8
1977	1,887.2	11.0	170.0	14.2	9.0
1978	2,107.6*	11.7	192.4*	13.2	9.1

*Preliminary estimates.

SOURCES: U.S. Department of Health and Human Services, Health Care Financing Administration, *Health Care Financing Review, Summer 1979*, and the Health Insurance Institute.

Table 5.3
Aggregate and Per Capita Amount and Percentage Distribution of National Health Expenditure by Type of Expenditure, Selected Calendar Years, 1965-1990

	Historical Years[1]				Projected Years		
Type of Expenditure	1965	1970	1975	1978	1980	1985	1990
	Aggregate Amount (in billions)						
Total	$43.0	$74.7	$131.5	$192.4	$244.6	$438.2	$757.9
Health services and supplies	39.5	69.4	123.2	183.0	234.1	422.7	735.5
Personal health care expenses	37.3	65.7	116.3	167.9	215.5	389.1	676.3
Hospital care	13.9	27.8	52.1	76.0	97.3	182.8	334.6
Physicians' services	8.5	14.3	24.9	35.3	45.0	78.2	128.8
Dentists' services	2.8	4.8	8.2	13.3	17.9	33.9	59.4
Other professional services	1.0	1.6	2.6	4.3	5.7	10.1	16.7
Drugs and drug sundries	5.8	8.4	11.8	15.1	18.1	27.0	38.9
Eyeglasses and appliances	1.9	2.1	3.0	3.9	4.7	7.1	10.2
Nursing home care	2.1	4.7	9.9	15.8	21.6	42.0	75.6
Other health services	1.3	2.1	3.7	4.3	5.2	8.1	12.2
Expenses for prepayment and administration	1.5	2.3	3.7	10.0	11.6	19.6	33.5
Government public health activities	.8	1.4	3.2	5.1	7.0	14.0	25.6
Research and medical-facilities construction	3.5	5.3	8.3	9.4	10.5	15.5	22.4
Research	1.5	1.9	3.2	4.9	5.2	8.3	12.3
Construction	2.0	3.4	5.1	5.2	5.3	7.2	10.1
	Per Capita Amounts[2]						
Total	$217.41	$358.63	$604.57	$863.01	$1,078.00	$1,846.00	$3,057.00
Health services and supplies	199.91	333.25	566.61	820.68	1,032.00	1,781.00	2,967.00
Personal health care expenses	188.41	315.37	534.82	752.98	950.00	1,639.00	2,728.00
Hospital care	70.46	133.39	239.77	340.93	429.00	770.00	1,350.00
Physicians' services	42.84	68.81	114.66	158.08	198.00	329.00	520.00
Dentists' services	14.20	22.79	37.88	59.64	79.00	143.00	240.00
Other professional services	5.22	7.65	12.04	19.17	25.00	43.00	67.00
Drugs and drug sundries	29.18	40.34	54.32	67.71	80.00	114.00	157.00
Eyeglasses and appliances	9.43	10.08	13.71	17.40	21.00	30.00	41.00
Nursing home care	10.48	22.44	45.46	70.63	95.00	177.00	305.00
Other health services	6.60	9.88	16.97	19.43	23.00	34.00	49.00
Expenses for prepayment and administration	7.33	10.97	17.09	44.94	51.00	83.00	135.00
Government public health activities	4.16	6.91	14.71	22.75	31.00	59.00	103.00
Research and medical-facilities construction	17.51	25.38	37.96	42.33	46.00	65.00	91.00
Research	7.40	8.93	14.65	19.22	23.00	35.00	50.00
Construction	10.11	16.45	23.31	23.11	23.00	30.00	41.00
	Percentage Distribution						
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Health services and supplies	91.9	92.9	93.7	95.1	95.7	96.5	97.0
Personal health care expenses	86.7	87.9	88.5	87.3	88.1	88.8	89.2
Hospital care	32.4	37.2	39.7	39.5	39.8	41.7	44.1
Physicians' services	19.7	19.2	19.0	18.3	18.4	17.8	17.0
Dentists' services	6.5	6.4	6.3	6.9	7.3	7.7	7.8
Other professional services	2.4	2.1	2.0	2.2	2.3	2.3	2.2
Drugs and drug sundries	13.4	11.2	9.0	7.8	7.4	6.2	5.1
Eyeglasses and appliances	4.3	2.8	2.3	2.0	1.9	1.6	1.3
Nursing home care	4.8	6.3	7.5	8.2	8.8	9.6	10.0
Other health services	3.0	2.8	2.8	2.3	2.1	1.8	1.6
Expenses for prepayment and administration	3.4	3.1	2.8	5.2	4.8	4.5	4.4

(Continued on next page)

Table 5.3 *(Continued)*

Aggregate and Per Capita Amount and Percentage Distribution of National Health Expenditure by Type of Expenditure, Selected Calendar Years, 1965-1990

	Historical Years[1]				Projected Years		
Type of Expenditure	1965	1970	1975	1978	1980	1985	1990
	Percentage Distribution						
Government public health activities	1.9	1.9	2.4	2.6	2.9	3.2	3.4
Research and medical-facilities construction	8.1	7.1	6.3	4.9	4.3	3.5	2.9
Research	3.4	2.5	2.4	2.2	2.1	1.9	1.6
Construction	4.7	4.6	3.9	2.7	2.2	1.6	1.3

[1] Expenditures for 1965-1978 are reported in "National Health Expenditures, 1978", *Health Care Financing Review*, Summer 1979, pp. 1-36.

[2] Per capita amounts in projections are rounded to nearest dollar.

Table 5.4

Total Costs of Illness, in Billions of Year-2000 Dollars, and Percentage Distribution of the Costs

(Billions of dollars)

			Indirect Costs		
Disease category	Total	Direct costs	Total	Morbidity	Mortality: Present value of future earnings discounted at 2.5%
Infective and parasitic diseases	$ 41.1	$ 17.4	$ 23.7	$ 12.0	$ 11.7
Neoplasms	170.8	49.3	121.5	7.6	113.9
Endocrine, nutritional and metabolic diseases	49.2	28.9	20.3	9.2	11.1
Diseases of the blood and blood-forming organs	11.0	6.2	4.8	1.9	2.9
Mental disorders	142.5	85.7	56.8	47.6	9.2
Diseases of the nervous system and sense organs	109.0	61.1	47.9	33.4	14.5
Diseases of the circulatory system	366.1	136.2	229.9	48.3	181.6
Diseases of the respiratory system	155.3	67.0	88.3	57.8	30.5
Diseases of the digestive system, oral cavity, salivary glands and jaws	186.3	125.6	60.7	22.3	38.4
Diseases of the genitourinary system	73.8	51.6	22.2	14.6	7.6
Complications of pregnancy, childbirth and puerperium	34.8	31.9	2.9	2.3	0.6
Diseases of the skin and subcutaneous tissue	23.0	19.2	3.8	3.1	0.7

(Continued on next page)

Table 5.4 *(Continued)*

Total Costs of Illness, in Billions of Year-2000 Dollars, and Percentage Distribution of the Costs

(Billions of dollars)

			Indirect Costs		
Disease category	Total	Direct costs	Total	Morbidity	Mortality: Present value of future earnings discounted at 2.5%
Diseases of the musculo-skeletal system and connective tissue	96.8	48.1	48.7	46.5	2.2
Congenital anomalies and certain causes of perinatal mortality	67.0	4.6	62.4	2.6	59.8
Symptoms and ill-defined conditions	65.3	27.3	38.0	11.1	26.9
Accidents, poisonings and violence	306.3	62.1	244.2	40.4	203.8
Other	62.1	56.7	5.4	5.4	-
Unallocated	135.1	135.1	-	-	-
TOTAL	$2,094.9	$1,013.6	$1,081.3	$366.1	$715.2

NOTE: Details may not add to totals due to rounding.

SOURCE: U.S. Department of Health and Human Services, Health Resource Administration, *Public Health Reports*, October 1978.

Table 5.5

Factors Affecting Growth of Personal Health Care Expenditures: Twelve Month Period Ending March

	1976	1977	1978	1979
All factors	100%	100%	100%	100%
Prices	80	70	67	66
Population	6	7	7	7
Intensity	14	23	26	27

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration, *Health Care Financing Trends*, Fall 1979.

Table 5.6
Personal Health Care Expenditures, 1978 by Type of Expenditure and Source of Funds
(000,000 omitted)

		Private			Public		
Type of Expenditure	Total	Total	Consumers	Other	Total	Federal	State & Local
Hospital care	$ 76,025	$ 35,107	$ 7,534	$27,573	$40,918	$30,344	$10,574
Physicians' services	35,250	25,811	12,013	13,798	9,439	7,066	2,374
Dentists' services	13,300	12,761	10,213	2,548	539	310	229
Other professional services	4,275	3,303	2,233	1,070	972	677	295
Drugs & drug sundries	15,098	13,798	12,667	1,131	1,300	667	634
Eyeglasses & appliances	3,879	3,522	3,478	44	357	285	72
Nursing home care	15,751	7,393	7,179	214	8,358	4,715	3,643
Other health services	4,333	1,175	-	1,175	3,158	2,440	719
TOTAL	$167,911	$102,870	$55,317	$47,553	$65,042	$46,503	$18,539

NOTE: Details may not add to totals due to rounding.

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration, *Health Care Financing Review*, Summer 1979.

Table 5.7
Aggregate and Per Capita Amount and Percentage Distribution of Personal Health Care Expenditures, Calendar Year 1978

Source of Payment	Aggregate Amount (in millions)	Per Capita Amount	Percentage Distribution
Direct payments	$ 55,317	$ 248.06	32.9%
Third-Party Payments	112,594	504.92	67.1
Private Health Insurance	45,363	203.43	27.0
Philanthropy and Industrial In-Plant	2,189	9.82	1.3
Government	65,042	291.67	38.7
Federal	46,503	208.54	27.7
Medicare	24,918	111.74	14.8
Medicaid	10,234	45.89	6.1
Other	11,350	50.90	6.8
State and Local	18,539	83.14	11.0
Medicaid	8,131	36.46	4.8
Other	10,409	46.68	6.2
Total	$167,911	$752.98	100.0%

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration, *Health Care Financing Review*, Summer 1979.

Table 5.8
Personal Health Care Expenditures by Source of Payment in the United States
(000,000 omitted)

			Third Party Payments			
Calendar Year	Total	Direct Payments	Total	Private Health Insurance	Government	Philanthropy and Industry
1966	$ 41,055	$20,957	$ 20,098	$ 9,142	$10,182	$ 775
1967	45,923	20,426	25,497	9,545	15,172	781
1968	51,543	21,574	29,969	11,344	17,798	827
1969	57,888	23,786	34,102	13,069	20,167	866
1970	65,723	26,543	39,180	15,744	22,442	995
1971	72,115	27,548	44,567	17,714	25,721	1,134
1972	79,870	30,406	49,464	19,433	28,828	1,203
1973	88,471	33,647	54,824	21,513	32,063	1,248
1974	100,885	35,682	65,203	25,171	38,619	1,413
1975	116,297	37,803	78,494	30,902	46,133	1,459
1976	132,127	41,869	90,258	37,070	51,596	1,592
1977	149,139	48,596	100,543	40,492	58,091	1,960
1978	167,911	55,317	112,594	45,363	65,042	2,189

NOTE: Details may not add to totals due to rounding

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration, *Social Security Bulletin*, July 1978.

Table 5.9
Distribution of Medical* Expenditures for Population Under Age 65 (Fiscal Year 1978 Projections)

Per Capita Expense	% of Persons Under Age 65	% of Aggregate Expense
None	33.9%	-
$ 100	38.7	6.5%
100- 500	11.1	7.6
500-1,000	6.3	11.1
1,000-2,500	6.4	24.7
2,500-5,000	2.3	18.9
5,000 and over	1.3	31.2
TOTAL	100.0%	100.0%

*Hospital, physician, outpatient, other professional services (except dental care), and prescription drugs.

SOURCE: U.S. Department of Health and Human Services, Social Security Administration and Congressional Budget Office, *Catastrophic Health Insurance*, January 1977.

Table 5.10
Average Out-of-Pocket Personal Health Expense, Average Expense for Persons with Expense and Per Capita Expense, According to Selected Characteristics: United States, 1975

	All types of expense	
Characteristics	Per Capita	For Persons with Expense
Total	$245	$285
Sex		
Male	223	257
Female	265	299
Family income		
Less than $3,000	168	252
$3,000-4,999	207	281
$5,000-6,999	209	264
$7,000-9,999	241	272
$10,000-14,999	258	279
$15,000 or more	272	289
$15,000-24,999	252	272
$25,000 or more	314	326
Color and family income		
White	253	283
Less than $5,000	215	296
$5,000-9,999	236	275
$10,000 or more	268	286
All other	172	232
Less than $5,000	96*	161*
$5,000-9,999	172*	215*
$10,000 or more	252	290
Education of head of family		
Less than 9 years	200	257
9-11 years	222	269
12 years	250	281
13 years or more	294	309
Place of residence		
SMSA	253	291
Central city	251	300
Not central city	254	283
Outside SMSA	226	255
Geographic region		
Northeast	240	279
North Central	212	241
South	269	304
West	254	292

*Figure does not meet standards of reliability or precision (more than 30 percent relative standard error).

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Personal Out-of-Pocket Health Expenses, United States, 1975.*

Table 5.11
Comparison of Out-of-Pocket Health Expenses Per Year, by Type of Expense: United States, 1970 and 1975

	Average Annual Expense		Average Annual Expense For Those With Expense	
Type of Expense	1970	1975	1970	1975
Per Person				
All types of expense:				
Including health insurance premium	$183	$245	$209	$285
Excluding health insurance premium	135	182	176	237
Hospital	21	30	178	264
Doctor	47	63	80	107
Dental	29	41	74	99
Prescription medicine	27	31	52	59
Optical	10	15	47	67
Health insurance premium	47	63	73	108
Other	5	6	100	113
Per Family				
All types of expense:				
Including health insurance premium	628	773	657	818
Excluding health insurance premium	469	575	501	624
Hospital	72	93	226	315
Doctor	164	201	194	243
Dental	105	134	156	202
Prescription medicine	93	98	113	122
Optical	35	46	71	98
Health insurance premium	159	197	236	319
Other	16	19	116	140

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Personal Out-of-Pocket Health Expenses, United States*, 1975 (also 1970) and *Family Out-of-Pocket Health Expenses, United States*, 1975 (also 1970).

Table 5.12
Personal Consumption Expenditures by Type of Product in the United States, 1978

Type of Product	Personal consumption expenditures (billions of dollars)	Percent of total
Food (including alcohol)	$271.7	20.1%
Housing	212.2	15.7
Household operation	195.0	14.4
Transportation	191.3	14.2
Medical care*	128.3	9.5
Clothing, accessories and jewelry	107.6	8.0
Recreation	91.2	6.7
Personal business	69.6	5.2
Private education and research	20.8	1.5
Personal care	18.6	1.4
Tobacco	17.9	1.3
Religious and welfare activities	17.2	1.3
Foreign travel and remittances—net	5.2	.4
Death expenses	4.2	.3
Total	$1,350.8	100.0%

*Includes all expenses for health insurance (except loss of income type).

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July 1979 and Health Insurance Institute.

Table 5.13
Ratio of Personal Consumption Expenditures for Medical Care to Disposable Personal Income and to Total Personal Consumption Expenditures in the United States

(billions of dollars)

Calendar year (1)	Personal Consumption Expenditures for Medical Care* (2)	Disposable Personal Income (3)	Total Personal Consumption Expenditures (4)	Ratio of Col. (2) to Col. (3) (5)	Ratio of Col. (2) to Col. (4) (6)
1950	$ 8.8	$ 205.5	$ 192.0	4.3%	4.6%
1955	12.8	273.4	253.7	4.7	5.0
1960	19.5	349.4	324.9	5.6	6.0
1965	29.4	472.2	430.2	6.2	6.8
1966	31.8	510.4	464.8	6.2	6.8
1967	34.2	544.5	490.4	6.3	7.0
1968	37.8	588.1	535.9	6.4	7.1
1969	43.4	630.4	579.7	6.9	7.5
1970	48.7	685.9	618.8	7.1	7.9
1971	53.4	742.8	668.2	7.2	8.0
1972	59.6	801.3	733.0	7.4	8.1
1973	66.6	901.7	809.9	7.4	8.2
1974	75.2	984.6	889.6	7.6	8.5
1975	87.0	1,086.7	979.1	8.0	8.9
1976	99.1	1,184.5	1,089.9	8.4	9.1
1977	114.2	1,305.1	1,210.0	8.8	9.4
1978	128.3	1,458.4	1,350.8	8.8	9.5

*Includes all expenses for health insurance (except loss of income type).

NOTE: Data are revised.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business* (various issues), and Health Insurance Institute.

Table 5.14
Personal Consumption Expenditures for Medical Care in the United States

(billions of dollars)

Calendar year	Total medical care	Hospital services	Physicians' services	Medicines and appliances	Dentists	Net cost of health insurance	All other medical care
1950	$ 8.8	$ 2.0	$ 2.6	$ 2.2	$ 1.0	$0.3	$0.7
1955	12.8	3.2	3.5	3.0	1.5	0.6	1.0
1960	19.5	5.3	5.2	4.6	2.0	0.8	1.6
1965	29.4	8.4	8.0	6.2	2.8	1.3	2.8
1966	31.8	9.4	8.5	6.5	2.9	1.4	3.1
1967	34.2	10.7	9.4	6.7	3.2	1.4	2.8
1968	37.8	12.4	10.0	7.3	3.5	1.6	2.9
1969	43.4	15.2	11.4	7.8	4.1	1.8	3.0
1970	48.7	17.9	12.9	8.4	4.7	1.7	3.2
1971	53.4	20.4	14.2	8.5	4.9	2.0	3.3
1972	59.6	23.3	15.5	9.1	5.4	2.6	3.8
1973	66.6	25.9	17.2	9.8	6.4	3.2	4.2
1974	75.2	30.1	19.1	10.7	7.0	3.3	4.9
1975	87.0	35.4	22.1	11.4	7.9	4.6	5.5
1976	99.1	41.5	24.9	12.3	9.8	4.3	6.3
1977	114.2	48.4	28.3	13.4	11.0	5.7	7.4
1978	128.3	54.6	31.2	14.9	12.2	6.7	8.7

NOTE: Data are revised. The data exclude private expenditures in Federal, state, city and other government hospitals and nursing homes. In some cases the sum of the items does not equal the "Total medical care" shown because of rounding.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business* (various issues).

Table 5.15
Consumer Price Index* for Medical Care Items in the United States (1967 = 100.0)

Calendar year	All medical care items	Physicians' fees	Dentists' fees	Hospital room	Drugs and Prescriptions: Prescription drugs	Drugs and Prescriptions: Over the counter items
			Urban wage and clerical workers			
1947	48.1	51.4	56.9	23.1	-	-
1950	53.7	55.2	63.9	30.3	92.6	-
1955	64.8	65.4	73.0	42.3	101.6	-
1960	79.1	77.0	82.1	57.3	115.3	-
1965	89.5	88.3	92.2	75.9	102.0	98.0
1966	93.4	93.4	95.2	83.5	101.8	99.0
1967	100.0	100.0	100.0	100.0	100.0	100.0
1968	106.1	105.6	105.5	113.6	98.3	102.5
1969	113.4	112.9	112.9	128.8	99.6	103.2
1970	120.6	121.4	119.4	145.4	101.2	106.2
1971	128.4	129.8	127.0	163.1	101.3	110.3
1972	132.5	133.8	132.3	173.9	100.9	111.3
1973	137.7	138.2	136.4	182.1	100.5	112.4
1974	150.5	150.9	146.8	201.5	102.9	117.5
1975	168.6	169.4	161.9	236.1	109.3	130.1
1976	184.7	188.5	172.2	268.6	115.2	138.9
1977	202.4	206.0	185.1	299.5	122.1	148.5
1978	219.4	223.3	199.3	331.6	132.1	159.1
			All urban consumers			
1978	219.4	223.1	198.1	332.4	131.6	159.0
1979	239.7	243.6	214.8	370.3	141.8	170.7

NOTE: Beginning January 1978, the Bureau of Labor Statistics introduced a new index for all urban consumers.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report*, and unpublished data.

Table 5.16
Annual Changes in Consumer Price Index*

						Drugs and Prescriptions	
Calendar year	All items	All medical care items	Physicians' fees	Dentists' fees	Hospital room	Prescription drugs	Over the counter items
			Urban wage and clerical workers				
1947	14.4%	8.3%	6.4%	8.4%	17.3%	9.9%	-
1950	11.0	1.9	1.5	2.4	3.4	2.7	-
1955	- .4	2.2	3.5	1.0	4.2	1.4	-
1960	1.6	3.5	2.5	2.0	6.9	- .3	-
1965	1.7	2.5	3.6	3.1	5.6	-1.1	.7%
1966	2.9	4.4	5.8	3.3	10.0	- .2	1.0
1967	2.9	7.1	7.1	5.0	19.8	-1.8	1.0
1968	4.2	6.1	5.6	5.5	13.6	-1.7	2.5
1969	5.4	6.9	6.9	7.0	13.4	1.3	.7
1970	5.9	6.3	7.5	5.8	12.9	1.6	2.9
1971	4.3	6.5	6.9	6.4	12.2	.1	3.9
1972	3.3	3.2	3.1	4.2	6.6	- .4	.9
1973	6.2	3.9	3.3	3.1	4.7	- .4	1.0
1974	11.0	9.3	9.2	7.6	10.7	2.4	4.5
1975	9.1	12.0	12.3	10.3	17.2	6.2	10.7
1976	5.8	9.5	11.3	6.4	13.8	5.4	6.8
1977	6.5	9.6	9.3	7.5	11.5	6.0	6.9
1978	7.6	8.4	8.4	7.7	10.7	8.2	7.1
			All urban consumers				
1979	11.3	9.3	9.2	8.4	11.4	7.8	7.4

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report* and unpublished data.

Table 5.17
Consumer Price Index in the United States (1967 = 100.0)

Calendar year	All items	Food	Apparel	Housing	Transportation	Medical care	Entertainment	Other goods and services
Urban wage and clerical workers								
1935	41.1	36.5	40.8	49.3	42.6	36.1	41.8	44.6
1940	42.0	35.2	42.8	52.4	42.7	36.8	46.1	48.3
1945	53.9	50.7	61.5	59.1	47.8	42.1	62.4	56.9
1950	72.1	74.5	79.0	72.8	68.2	53.7	74.4	60.9
1955	80.2	81.6	84.1	82.3	77.4	64.8	76.7	79.8
1960	88.7	88.0	89.6	90.2	89.6	79.1	87.3	87.8
1965	94.5	94.4	93.7	94.9	95.9	89.5	95.9	94.2
1966	97.2	99.1	96.1	97.2	97.2	93.4	97.5	97.2
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.6	105.4	104.2	103.2	106.1	104.7	104.6
1969	109.8	108.9	111.5	110.8	107.2	113.4	108.7	109.1
1970	116.3	114.9	116.1	118.9	112.7	120.6	113.4	116.0
1971	121.3	118.4	119.8	124.3	118.6	128.4	119.3	120.9
1972	125.3	123.5	122.3	129.2	119.9	132.5	122.8	125.5
1973	133.1	141.4	126.8	135.0	123.8	137.7	125.9	129.0
1974	147.7	161.7	136.2	150.6	137.7	150.5	133.8	137.2
1975	161.2	175.4	142.3	166.8	150.6	168.6	144.4	147.4
1976	170.5	180.8	147.6	177.2	165.5	184.7	151.2	153.3
1977	181.5	192.2	154.2	189.6	177.2	202.4	157.9	159.2
1978	195.3	206.2	159.5	202.6	185.8	219.4	176.2	183.2
All urban consumers								
1978	195.4	211.4	159.6	202.8	185.5	219.4	176.6	183.3
1979	217.4	234.5	166.6	227.6	212.0	239.7	188.5	196.7

NOTE: Beginning January 1978, the Bureau of Labor Statistics introduced a new index for all urban consumers.

SOURCE: U.S. Department of Commerce, Bureau of Labor Statistics, *CPI Detailed Report.*

Table 5.18
Annual Budget for Urban Family of Four, at Three Levels of Living, Autumn 1979, and Percent Change, Autumn 1978 to Autumn 1979

	Lower		Intermediate		Higher	
	Amount	Change	Amount	Change	Amount	Change
Total Budget	$12,585	9.0%	$20,517	10.2%	$30,317	10.6%
Total Family Consumption	10,234	9.0	15,353	9.7	21,069	9.6
Food	3,911	9.4	5,044	9.4	6,360	9.5
Housing	2,409	7.9	4,594	9.9	6,971	9.9
Transportation	1,004	17.3	1,851	17.7	2,411	18.0
Clothing	866	2.2	1,235	2.2	1,804	2.0
Personal Care	323	7.3	433	7.4	613	7.5
Medical Care	1,171	10.0	1,176	9.9	1,227	9.9
Other	550	6.8	1,021	6.8	1,684	6.7
Other items*	539	7.4	877	8.3	1,478	8.3
Taxes and Deductions	1,813	9.6	4,287	12.5	7,770	13.8

*Includes allowances for gifts and contributions, life insurance and occupational expenses.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Table 5.19
Annual Budget for Retired Couple, at Three Levels of Living, Autumn 1978, and Percent Change, Autumn 1977 to Autumn 1978

	Lower		Intermediate		Higher	
	Amount	Change	Amount	Change	Amount	Change
Total Budget	$5,514	8.5%	$7,846	8.2%	$11,596	7.7%
Total Family Consumption	5,276	8.5	7,374	8.2	10,721	7.8
Food	1,725	12.4	2,299	13.0	2,884	12.9
Housing	1,831	4.9	2,641	4.9	4,139	5.2
Transportation	360	6.8	701	6.5	1,299	6.9
Clothing	220	2.8	369	2.5	568	2.3
Personal Care	156	6.8	229	7.0	335	7.0
Medical Care	765	13.2	769	13.1	774	13.0
Other	220	5.3	366	5.5	722	5.1
Other items*	237	8.2	472	8.3	875	7.1
Taxes and Deductions	-	-	-	-	-	-

*Includes allowances for gifts and contributions, life insurance and occupational expenses.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Table 5.20
Medical Care Component as a Percent of Total Annual Budget

	Four Person Family			Retired Couple		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher
1970	8.1%	5.3%	3.8%	12.3%	8.8%	6.0%
1971	8.4	5.6	4.0	12.7	8.9	5.8
1972	8.5	5.5	4.0	12.6	8.7	5.7
1973	8.1	5.3	3.8	12.0	8.4	5.7
1974	8.0	5.2	3.7	12.6	8.9	6.0
1975	8.5	5.4	3.8	12.2	8.6	5.8
1976	8.9	5.5	4.2	12.2	8.5	5.8
1977	9.4	5.8	4.1	13.3	9.4	6.4
1978	9.2	5.7	4.1	13.9	9.8	6.7
1979	9.3	5.7	4.0	N.A.	N.A.	N.A.

N.A. — Not Available.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Table 5.21
Average Cost to Community Hospitals Per Patient Day and Per Patient Stay; Average Length of Stay in Community Hospitals in the United States

Calendar year	Average Cost to Hospital per Patient Day			Average Length of Hospital Stay (Days)	Average Cost to Hospital per Patient Stay
	Total	Payroll	Other		
1946	$ 9.39	$ 4.98	$ 4.41	9.1	$ 85.45
1950	15.62	8.86	6.76	8.1	126.52
1955	23.12	14.26	8.86	7.8	180.34
1960	32.23	20.08	12.15	7.6	244.95
1961	34.98	21.54	13.44	7.6	265.85
1962	36.83	22.79	14.04	7.6	279.91
1963	38.91	24.01	14.90	7.7	299.61
1964	41.58	25.26	16.32	7.7	320.17
1965	44.48	27.44	17.04	7.8	346.94
1966	48.15	29.41	18.74	7.9	380.39
1967	54.08	32.44	21.64	8.3	448.86
1968	61.38	36.61	24.77	8.4	515.59
1969	70.03	41.36	28.67	8.3	581.25
1970	81.01	47.30	33.71	8.2	664.28
1971	92.31	53.80	38.51	8.0	738.48
1972	105.30	59.80	45.50	7.9	831.70
1973	114.40	63.60	50.80	7.8	892.00
1974	127.70	69.60	58.10	7.8	996.20
1975	151.20	80.10	71.10	7.7	1,164.20
1976	172.70	88.80	83.90	7.7	1,330.10
1977	197.90	95.60	102.30	7.6	1,504.10
1978	221.90	110.30	111.60	7.6	1,686.40

NOTE: Data prior to 1972 include hospital units of institutions. Total expenses include: payroll expenses; employee benefits; professional fees; depreciation expense; supplies and purchased services. Payroll expenses include: physicians' and dentists' salaries, medical and dental interns and residents; trainees in medical technology and administration; other personnel.

SOURCES: American Hospital Association, *Hospital Statistics* (various annual editions), and Health Insurance Institute.

Table 5.22
Community Hospital Statistics—1978

State	Average Hospital Cost Per Day	Average Length of Hospital Stay in Days	Average Cost Per Hospital Stay
Alabama	$176.10	7.1	$1,250.30
Alaska	425.70	5.5	2,341.40
Arizona	251.30	7.1	1,784.20
Arkansas	153.70	6.4	983.70
California	333.60	6.6	2,201.80
Colorado	229.20	6.7	1,535.60
Connecticut	269.30	7.5	2,019.80
Delaware	225.10	8.4	1,890.80
District of Columbia	321.40	8.3	2,667.60
Florida	216.50	7.4	1,602.10
Georgia	198.30	6.3	1,249.30
Hawaii	232.60	7.3	1,698.00
Idaho	190.00	6.1	1,159.00
Illinois	239.40	7.9	1,891.30
Indiana	196.10	7.7	1,510.00
Iowa	171.50	7.5	1,286.30
Kansas	176.70	7.7	1,360.60
Kentucky	162.40	7.0	1,136.80
Louisiana	201.50	6.4	1,289.60
Maine	202.30	7.7	1,557.70
Maryland	241.70	8.4	2,030.30
Massachusetts	289.70	8.6	2,491.40
Michigan	250.30	7.9	1,977.40
Minnesota	178.20	8.9	1,586.00
Mississippi	151.40	6.9	1,044.70
Missouri	193.00	8.3	1,601.90
Montana	147.90	7.9	1,168.40
Nebraska	165.00	8.3	1,369.50
Nevada	288.70	6.4	1,847.70
New Hampshire	193.50	7.0	1,354.50
New Jersey	195.50	8.8	1,720.40
New Mexico	242.50	5.8	1,406.50
New York	246.60	9.7	2,392.00
North Carolina	171.70	7.5	1,287.80
North Dakota	159.20	8.3	1,321.40
Ohio	211.90	8.0	1,695.20
Oklahoma	203.20	6.5	1,320.80
Oregon	259.90	6.0	1,559.40
Pennsylvania	215.80	8.4	1,812.70
Rhode Island	256.70	8.0	2,053.60
South Carolina	166.80	7.1	1,184.30
South Dakota	159.80	6.5	1,038.70
Tennessee	173.80	7.2	1,251.40
Texas	197.00	6.6	1,300.20
Utah	243.30	5.2	1,265.20
Vermont	174.00	8.3	1,444.20
Virginia	187.50	8.0	1,500.00
Washington	255.00	5.6	1,428.00
West Virginia	169.90	7.3	1,240.30
Wisconsin	201.00	8.0	1,608.00
Wyoming	200.80	5.2	1,044.20
Total United States	221.90	7.6	1,686.40

SOURCES: American Hospital Association, *Hospital Statistics, 1979*, and Health Insurance Institute.

Table 5.23
Comparison of Hospital Semiprivate Room Charges by State, January 1977, 1978 and 1979 and Percent Change

	Semiprivate Room Charge			Percent Change	
	January 1978	January 1979	January 1980	1978-1979	1979-1980
Alabama	$ 79.04	$ 83.49	$ 96.01	5.6%	15.0%
Alaska	159.04	179.48	188.87	12.9	5.2
Arizona	88.84	97.58	105.97	9.8	8.6
Arkansas	67.79	76.67	85.63	13.1	11.7
California	131.61	143.04	160.66	8.7	12.3
Colorado	96.97	109.74	124.06	13.2	13.0
Connecticut	112.24	116.41	127.41	3.7	9.4
Delaware	91.43	116.85	124.95	27.8	6.9
District of Columbia	124.20	135.19	170.48	8.8	26.1
Florida	91.31	99.94	109.23	9.5	9.3
Georgia	79.98	84.52	91.54	5.7	8.3
Hawaii	103.81	114.34	126.98	10.1	11.1
Idaho	87.83	96.62	109.71	10.0	13.5
Illinois	123.25	128.86	144.29	4.6	12.0
Indiana	88.45	93.81	107.14	6.1	14.2
Iowa	85.80	93.80	107.00	9.3	14.1
Kansas	81.77	92.94	104.07	13.7	12.0
Kentucky	76.75	80.57	92.10	5.0	14.3
Louisiana	73.19	80.41	88.67	9.9	10.3
Maine	103.04	112.48	124.28	9.2	10.5
Maryland	100.20	113.36	119.32	13.1	5.3
Massachusetts	124.71	136.26	150.51	9.3	10.5
Michigan	130.39	140.48	150.69	7.7	7.3
Minnesota	85.78	93.24	104.50	8.7	12.1
Mississippi	56.98	59.72	67.10	4.8	12.4
Missouri	83.60	93.27	107.06	24.3	14.8
Montana	88.69	97.63	113.15	10.1	15.9
Nebraska	81.54	87.78	100.22	7.7	14.2
Nevada	107.11	124.69	125.30	16.4	.5
New Hampshire	101.52	106.78	125.47	5.2	17.5
New Jersey	119.69	134.00	145.79	12.0	8.8
New Mexico	92.39	103.06	115.31	11.5	11.9
New York	140.66	145.06	157.42	3.1	8.5
North Carolina	70.39	77.25	87.11	9.7	12.8
North Dakota	81.17	85.36	93.08	5.2	9.0
Ohio	113.92	125.65	139.05	10.3	10.7
Oklahoma	80.08	89.53	101.16	11.8	13.0
Oregon	107.72	123.90	132.98	15.0	7.3
Pennsylvania	107.14	121.44	132.43	13.3	9.0
Rhode Island	120.37	127.93	138.09	6.3	7.9
South Carolina	65.30	70.64	79.84	8.2	13.0
South Dakota	73.30	81.55	95.66	11.3	17.3
Tennessee	74.10	83.96	90.98	13.3	8.4
Texas	77.80	82.86	91.19	6.5	10.1
Utah	94.95	102.50	112.48	8.0	9.7
Vermont	102.06	105.60	115.74	3.5	9.6
Virginia	83.79	91.98	101.09	9.8	9.9
Washington	103.63	113.28	125.17	9.3	10.5
West Virginia	86.34	97.42	110.26	12.8	13.2
Wisconsin	86.36	94.13	103.89	9.0	10.4
Wyoming	80.40	90.41	98.18	12.5	8.6
Total United States	105.44	114.98	127.39	9.0	10.8

SOURCES: Health Insurance Association of America, *Survey of Hospital Semiprivate Room Charges, January 1977, January 1978* and *January 1979*, and Health Insurance Institute.

Table 5.24
Average Prevailing Surgical Charges For Selected Procedures in Selected Metropolitan and Nonmetropolitan Areas, 1979

Area	Tonsillectomy Adenoidectomy (Under age 18)	Hysterectomy (Total)	Mastectomy (Radical)	Appendectomy	Cholecystectomy	D & C	Vasectomy	Hemorrhoidectomy (External)
Metropolitan								
New York City	$312	$1,259	$1,443	$701	$1,110	$288	$243	$325
Chicago	257	908	898	513	820	257	205	270
Los Angeles	299	1,251	1,423	707	1,008	300	230	342
Dallas	280	775	941	452	718	218	178	342
Atlanta	229	736	831	453	689	210	180	259
Philadelphia	250	770	763	424	668	240	205	240
Nonmetropolitan								
Southern Indiana	191	604	627	344	539	168	163	158
New Hampshire (misc.)	194	629	936	369	557	173	148	203
South Central Pennsylvania	215	649	634	363	563	175	166	245
Kansas (misc.)	199	573	634	350	530	153	171	228
South Dakota (misc.)	171	604	596	376	565	153	144	194
Alabama (misc.)	196	549	689	333	554	166	154	224

SOURCES: Health Insurance Association of America (Unpublished data).

Table 5.25
Average Dental Charges, Selected Areas of the United States, 1979

	Initial Oral Examination	Prophylaxis—Adult	Permanent Amalgam Filling—Two Surfaces	Composite Resin Filling—Two Surfaces	Porcelain Crown with Gold	Dentures	
						Complete Upper	Complete Lower
Metropolitan							
Boston	$10	$16	$19	$23	$266	$282	$272
Milwaukee	7	14	21	23	227	316	313
Washington, D.C.	9	17	23	25	249	308	294
Portland, Oregon	9	19	23	26	200	281	273
New Orleans	9	15	21	24	210	281	256
Cleveland	10	16	22	23	244	302	296
Nonmetropolitan							
Vermont	8	13	18	19	219	237	231
Eastern North Carolina	8	13	19	22	186	189	187
North Michigan (misc.)	9	16	21	23	228	277	267
Nevada (misc.)	10	18	21	23	175	306	313
Texas (misc.)	9	16	23	27	223	277	265
Wyoming	9	16	22	24	190	313	301

SOURCE: Health Insurance Association of America (Unpublished data).

Table 5.26
Median Office-Visit Fees by Type of Physician 1977, 1978 and 1979

	First Office Visit (usual)			Office Revisit (usual)		
	1977	1978	1979	1977	1978	1979
General Practitioners	$11	$16	$18	$10	$11	$13
Family Practitioners	12	16	17	10	12	13
Internists	20	26	26	15	18	19
General Surgeons	17	19	20	10	12	15
OBGs	25	26	31	16	18	19
Pediatricians	16	19	20	11	13	15
All Nonsurgical Specialists	20	24	29	14	17	19
All Surgical Specialists	21	25	26	12	15	17

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Table 5.27
Regional Variations in Median Physician Fees, 1979

Region* and Type of Visit	General Practitioners	All Surgical Specialists	All Non-Surgical Specialists
East			
Initial visit	$17	$30	$31
Revisit	13	20	20
South			
Initial visit	17	25	26
Revisit	12	16	18
Midwest			
Initial visit	16	25	25
Revisit	12	16	17
West			
Initial visit	21	34	35
Revisit	17	18	20

*East includes New England and Mid-eastern states; South, South Atlantic, Mid-southern and Southwestern states; Midwest, Great Lakes and Plains states; and West, Rocky Mountain and Far Western states.

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Table 5.28
Estimated Incidence and Costs of Catastrophic Illness in the United States, by Subcomponents of the Population, 1974

	Total U.S. Population	Catastrophic Population			
Component of the Population	Number of Persons (in thousands)	Number of Persons (in thousands)	Incidence Rate (per 100)	Catastrophic Cost (in billions)	Average Cost
Institutionalized	2,886	1,275	44.2	$ 9.48	$ 7,400
Nursing Homes	2,106	856	40.6	5.56	6,500
Psychiatric Hospitals	647	305	47.1	2.95	9,700
State and County	509	256	50.3	2.34	9,100
Federal	102	37	35.3	0.45	12,200
Private	36	12	33.3	0.16	13,000
Chronic and Tuberculosis Hospitals	133	115	86.5	0.97	8,400
Aged, Noninstitutionalized, Total	19,766	578	2.9	$ 6.29	$10,900
Noninstitutionalized persons under 65 with incomes<$7,000	65,172	279	0.4	$ 2.05	$ 7,300
Medicaid Eligible	18,632	110	0.6	0.82	7,400
Blind Totally Disabled	1,945	49	2.5	0.37	7,600
Families with Dependent Children	16,688	62	0.4	0.45	7,300
Privately Insured	38,094	110	0.3	0.79	7,200
Disabled, Eligible for Medicare	1,928	49	2.5	0.37	7,600
Uninsured	6,518	10	0.2	0.07	7,200
Noninstitutionalized persons under 65 with incomes≥$7,000	123,685	419	0.3	$ 4.12	$ 9,800
Insured	108,843	392	0.4	3.86	9,850
Uninsured	14,842	27	0.2	0.26	9,600
United States	211,509	2,551	1.2	$21.94	$ 8,600

SOURCE: U.S. Department of Health and Human Services, National Center for Health Services Research, *A National Profile of Catastrophic Illness*, May 1978.

CHAPTER 6

Health and Health Care Utilization

Trends in Utilization of Services

Hospital Utilization.

Approximately one out of every six Americans (based on the civilian noninstitutional population) was admitted to a community hospital in 1978. Community hospitals, defined as nonfederal, short-term, general and special hospitals, provide general medical care to the public. They account for 83% of all hospitals and handle over 92% of all admissions.

An average of 94,500 persons entered community hospitals each day during 1978 for a total of 34,505,800 admissions over the 12-month period. This was a 9% increase over 1973. Inpatient utilization as shown by admissions per 1,000 population dropped slightly for the first time in 1978, following many years of steady increases.

On an average day in 1978, there were 718,335 patients in community hospitals, or 3.4 per 1,000 population. This rate has remained constant since 1974.

The nation's community hospitals treated 201.9 million outpatient cases in 1978. Outpatient utilization has been increasing rapidly in recent years, climbing 17% since 1973.

A National Center for Health Statistics survey of short-stay hospital utilization in 1978 reported the average length of stay was 7.8 days for males and 7.1 days for females. Length of stay increased with age from 4.4 days for children under 15, to 11.0 days for persons 65 and over. The Northeast registered the longest average length of stay at 8.8 days for all ages while the Western region had the shortest, 6.1 days.

Physician and Dental Visits. According to estimates of the U.S. Department of Health, Education and Welfare's *Health Interview Survey,* Americans made 1,017 million visits to physicians during 1978. The average number of visits per person was 4.8. (For definition, see Table 6.5.)

The survey also showed that Americans made 342 million visits to dentists during 1978. The average number of visits per person was 1.6. (For definition, see Table 6.5.) About 63% of the population had last visited a dentist within a year.

A government survey of ambulatory patient visits in 1977 (where there was contact with a physician) showed that the largest proportion, 39% of all office visits, were made to general and family practitioners. About 4 percent of all visits were for problems with an onset of less than 24 hours, indicating the non-emergency nature of most office visits. An estimated 22 percent of the patient problems had an onset of less than one week and approximately 30 percent had an onset of three months or more. Visits to solo practitioners outnumbered those to physicians in multiple-member practices by a ratio of about 3 to 2. The proportion of visits to physicians' offices in metropolitan areas exceeded the proportion in nonmetropolitan areas by three to one.

Office visits per year increased in direct proportion to advancing age, with the rate for persons age 65 and over more than double the rate for persons under 15. Women accounted for nearly 61% of all office visits.

Diseases of the respiratory system accounted for nearly 15% of all visits and another 10% of visits were for diseases of the circulatory system.

The following seven diagnostic groups accounted for about 75% of all principal diagnoses rendered by physicians in office practice.

Principal Diagnoses

	Percent
Special conditions and examinations without illness	16.8%
Diseases of the respiratory system	14.5
Diseases of the circulatory system	9.6
Diseases of the nervous system	8.5
Accidents, poisoning and violence	7.7
Diseases of the genitourinary system	6.4
Diseases of the musculoskeletal system	5.8
Diseases of the skin and subcutaneous tissue	5.6

Health Status

Disability. Disability rates for both acute and chronic health conditions—as measured by work-loss days, restricted activity days and disability days—vary by social and economic characteristics.

Table 6.6 shows that the higher the educational attainment, the fewer days of disability. Marked differences in the number of disability days are also found in relation to income. The differentials in disability by occupation are not as marked—blue-collar workers averaged 6.6 work-loss days while white-collar workers averaged 4.2 work-loss days.

The measures of selected health characteristics also vary by geographic region. Among the four regions (Northeast, North Central, South and West), persons in the West had the highest level of restricted activity days, 20.9, and the highest frequency of physician visits, 5.2 per person per year. (For definition, see Table 6.7.)

Persons in the South registered the highest level of days of bed-disability and also had the lowest rate of dental visits, 1.3 per person per year. There was little variation by region for work-loss days in 1978.

Acute Conditions. Some 351 million workdays were lost in 1978 as a result of some acute health condition. (For definition, see footnote, Table 6.9.) This was an average of 3.8 days off the job for each worker in the nation.

During 1978, acute illnesses and injuries caused an average of 9.9 days of restricted activity per person and 4.4 bed-disability days per person. A rate of 4.8 school-loss days per child between the ages of 6 and 16 was reported for 1978, and about 3.8 work-loss days per person for persons age 17 and over. The general disability trends, shown in Table 6.10, have remained relatively constant since 1976.

Chronic Conditions. Chronic illness invariably has a long-term impact on people, changing their life styles to the extent that they can no longer carry on their major activity, such as working or keeping house, or limiting the kind or amount of their activities. In 1978, 30.3 million persons, 14.2% of the U.S. civilian noninstitutional population, suffered a limitation of activity due to one or more chronic conditions (Table 6.12). Of that number, some 22.6 million suffered limitation in their major activity. Males at all ages experienced a higher incidence of activity limitation than females.

Occupational Injuries and Illness. According to the U.S. Department of Labor's latest survey, approximately 5.7 million workrelated injuries occurred during 1978, an increase of 357,500 over 1977 (Table 6.13). About 3.2 million of these did not result in lost worktime.

Some 38.2 million workdays were lost due to work-related injuries during 1978—up from 35.2 million in 1977. The rate per 100 full-time workers increased from 60 lost workdays a year in 1977 to 62 in 1978.

Nearly 144,000 recognized cases of occupational illnesses were estimated for 1978 compared with 162,000 for 1977.

According to a report by the Social Security Administration (Table 6.14), American workers suffered a $28.2 billion loss in earnings resulting from short-term, nonoccupational sickness or injury during calendar year 1977, an increase of 7% over the previous year.

Benefits paid under programs providing protection against income loss resulting from these disabilities amounted to $10.3 billion, a 7% increase over 1976.

Table 6.1
Utilization of Community Hospitals in the United States

(Per 1,000 Population)

Year	Beds	Average Daily Census	Admissions
1950	3.4	2.5	111.4
1955	3.5	2.5	117.3
1960	3.6	2.7	129.2
1965	3.9	3.0	138.8
1970	4.2	3.3	145.6
1971	4.3	3.3	148.2
1972	4.3	3.2	150.0
1973	4.3	3.3	153.2
1974	4.4	3.4	157.8
1975	4.5	3.4	159.2
1976	4.5	3.4	160.5
1977	4.6	3.4	161.4
1978	4.6	3.4	161.1

NOTE: Data refer to the civilian noninstitutional population.

SOURCES: American Hospital Association, *Hospital Statistics* (various annual editions), and Health Insurance Institute.

Table 6.2
Rate of Discharges and Average Length of Stay for Patients Discharged from Short-Stay Non-Federal Hospitals, by Sex: United States, 1978

	Rate of Discharges per 1,000 Population			Average Length of Stay (Days)		
All Listed Diagnostic Categories	Total	Male	Female	Total	Male	Female
All conditions	166.5	139.2	192.0	7.4	7.8	7.1
All Ischemic Heart Disease	17.5	18.3	16.8	9.1	8.6	9.8
Malignant Neoplasms	14.1	6.5	7.1	10.5	11.3	10.0
Benign & Unspecified Neoplasms	6.7	3.0	10.2	5.9	5.9	5.8
Fractures, all sites	7.7	8.3	7.2	10.8	8.8	12.8
Diseases of the Urinary System	12.7	11.1	14.1	6.7	6.6	6.8
Pneumonia, all forms	6.0	6.7	5.4	8.5	8.4	8.7
Hypertrophy of Tonsils and Adenoids	3.0	2.8	3.2	2.1	2.0	2.1
Cerebrovascular Disease	6.6	6.2	7.1	13.4	12.5	14.2
Diabetes Mellitus	9.6	7.9	11.2	9.7	9.1	10.0
Inguinal Hernia	2.7	4.9	0.6	5.0	5.1	4.7
Choleithiasis	2.9	1.6	4.0	9.9	11.2	9.5
Appendicitis	1.5	1.6	1.4	5.9	6.1	5.7

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Utilization of Short-Stay Hospitals, 1978.*

Table 6.3
Rate of All Listed Surgical Operations for Patients Discharged from Non-Federal Short-Stay Hospitals, by Age and Sex: United States, 1978

Age	Rate per 1,000 Population		
	Both Sexes	Male	Female
Total	97.0	75.9	116.8
Under 15 years	37.6	42.3	32.7
15-44 years	100.6	57.8	141.2
45-64 years	119.0	103.8	132.9
65 years and over	172.2	197.1	154.7

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Utilization of Short-Stay Hospitals, 1978.*

Table 6.4
Selected Community Hospital Facilities, Services and Special Beds in the United States, 1978

Selected Facility or Service	Percent of Community Hospitals
Emergency Department	90.7%
Postoperative Recovery Room	88.3
Intensive Care Unit (Cardiac only)	32.3
Intensive Care Unit (Mixed)	68.3
Open-Heart Surgery Facilities	10.1
X-Ray Therapy	29.5
Cobalt Therapy	15.0
Radium Therapy	21.9
Organ Bank	3.2
Blood Bank	68.9
Respiratory Therapy	87.1
Premature Nursery	32.0
Skilled Nursing or Long-Term Care Unit	12.5
Hemodialysis:	
Inpatient	17.8
Outpatient	11.7
Burn Care Unit	2.5
Physical Therapy	82.8
Occupational Therapy	24.6
Psychiatric Inpatient Unit	19.3
Psychiatric Outpatient Services	13.8
Alcoholism/Chemical Dependency Services	
Inpatient Unit	4.7
Outpatient Services	9.2
Neonatal Intensive Care Unit	8.3
Pediatric Inpatient Unit	52.7

SOURCE: American Hospital Association, *Hospital Statistics, 1979.*

Table 6.5
Number of Physician and Dental Visits Per Person in the United States, 1978

Type of Visit	All Ages	Under 17 Years	17-24 Years	25-44 Years	45-64 Years	65 Years and Over
Physician Visits						
Both Sexes	4.8	4.1	4.3	4.7	5.3	6.3
Male	4.0	4.2	3.0	3.4	4.7	5.8
Female	5.4	4.0	5.5	5.8	5.9	6.6
Dental Visits						
Both Sexes	1.6	1.6	1.5	1.7	1.7	1.2
Male	1.4	1.5	1.4	1.5	1.6	1.0
Female	1.7	1.8	1.7	1.8	1.9	1.4

NOTE: The data refer to the civilian, noninstitutional population. A "Physician Visit" is a consultation with a physician, in person or by telephone, for examination, diagnosis, treatment or advice. A "Dental Visit" is any visit to a dentist's office for treatment or advice.

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.6

Disability Due to Chronic and Acute Conditions, by Social and Economic Characteristics in the United States, 1978

(Days per person)

Characteristics	Restricted activity	Bed disability	Work-loss
Sex			
Both Sexes	18.8	7.1	5.2
Male	16.3	6.0	4.9
Female	21.1	8.2	5.7
Family Income			
Under - $ 3,000	35.6	13.2	6.4
$ 3,000 - 4,999	35.7	13.3	6.7
5,000 - 6,999	27.1	9.9	7.1
7,000 - 9,999	21.9	8.7	6.9
10,000 - 14,999	15.8	5.8	5.9
15,000 - 24,999	14.4	5.5	4.9
25,000 and Over	12.7	4.9	4.2
Educational Attainment			
Under 9 Years	37.5	13.5	5.9
9 - 11 Years	24.3	8.4	7.0
12 Years	17.9	6.6	5.3
13 - 15 Years	17.7	6.5	4.9
16 Years and Over	14.5	5.1	3.5
Occupation			
White Collar	12.1	4.2	4.2
Professional, Technical & Kindred	12.5	4.5	4.1
Managers & Administrators (except farm)	10.5	3.6	3.8
Clerical & Kindred	12.5	4.6	4.6
Sales	12.5	3.9	4.2
Blue Collar	13.5	4.4	6.6
Craftsmen & Kindred	11.7	4.1	5.8
Operatives & Kindred	15.2	5.0	7.3
Laborers (except farm)	13.1	3.9	6.5
Service	15.3	5.9	6.1
Farm	11.1	3.5	4.7

NOTE: The data refer to the civilian, noninstitutional population. A "Restricted activity day" is one on which a person cuts down on his usual activities for the whole of that day because of an illness or injury. A "Bed disability day" is one on which a person stays in bed for all or most of the day because of a specific illness or injury. A "Work-loss day" is a day on which a currently employed person, 17 years of age and over, did not work at least half of his normal workday because of a specific illness or injury. "Family Income" includes the total income of each member of the family.

SOURCE: Unpublished data from the National Center for Health Statistics, U.S. Department of Health and Human Services.

Table 6.7
Selected Health Characteristics by Geographic Region in the United States, 1978

(Days/visits per person)

Characteristics	Total	Geographic Region Northeast	North Central	South	West
Restricted activity days*	18.8	18.0	17.0	19.6	20.9
Days of bed disability*	7.1	7.1	6.4	7.6	7.4
Work-loss days*	5.2	5.3	5.3	5.4	4.7
Physician visits	4.8	4.9	4.6	4.5	5.2
Dental visits	1.6	1.9	1.6	1.3	1.8

*Chronic and acute conditions.

NOTE: The data refer to the civilian, noninstitutional population. A "Restricted activity day" is one on which a person cuts down on his usual activities for the whole of that day because of an illness or injury. A "Bed disability day" is one on which a person stays in bed for all or most of the day because of a specific illness or injury. A "Work-loss day" is a day on which a currently employed person, 17 years of age and over, did not work at least half of his normal workday because of a specific illness or injury. A "Physician visit" is a consultation with a physician, in person or by telephone, for examination, diagnosis, treatment or advice. A "Dental visit" is any visit to a dentist's office for treatment or advice.

SOURCE: Unpublished data from the National Center for Health Statistics, U.S. Department of Health and Human Services.

Table 6.8
Days of Disability Per Person Per Year, By Type of Disability Day: United States, 1976-1978 (Chronic and Acute Conditions)

Type of Disability Day	Days of Disability per person per year 1976	1977	1978
Restricted activity days	18.2	17.8	18.8
Bed disability days	7.1	6.9	7.1
Work-loss days (ages 17 years and over)	5.3	5.0	5.2
School-loss days (ages 6 - 16 years)	5.2	5.4	5.4

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.9
Workdays Lost Due to Acute Conditions in the United States, 1978

	Number of work-loss days (000,000)			Work-loss days per employed person		
Acute Conditions	All ages 17 and over	Age 17-44	Age 45 and over	All ages 17 and over	Ages 17-44	Age 45 and over
Both Sexes						
All acute conditions	351	243	107	3.8	3.9	3.5
Infective and parasitic diseases	23	19	5	.2	.3	.2
Respiratory conditions	149	102	46	1.6	1.6	1.5
Digestive system conditions	21	15	6	.2	.2	.2
Injuries	103	70	34	1.1	1.1	1.1
All other acute conditions	54	37	17	.6	.6	.6
Male						
All acute conditions	187	128	59	3.4	3.5	3.2
Infective and parasitic diseases	13	10	*	.2	.3	*
Respiratory conditions	80	54	26	1.5	1.5	1.4
Digestive system conditions	12	8	4	.2	.2	.2
Injuries	62	44	19	1.1	1.2	1.0
All other acute conditions	19	11	8	.4	.3	.4
Female						
All acute conditions	164	115	49	4.3	4.4	4.1
Infective and parastic diseases	10	8	*	.3	.3	*
Respiratory conditions	69	48	20	1.8	1.8	1.7
Digestive system conditions	9	7	*	.2	.3	*
Injuries	41	26	15	1.1	1.0	1.3
All other acute conditions	35	26	9	.9	1.0	.8

*Figures do not meet standards of reliability or precision.

NOTE: The data refer to the civilian, noninstitutional population. An acute condition is one which lasted less than 3 months and which involved either medical attention or restricted activity. A "Work-loss day" is day on which a currently employed person, 17 years of age and over, did not work at least half of his normal workday because of specific illness or injury. In some cases the sum of the items does not equal the total shown, because of rounding.

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.10
Incidence of Acute Conditions, Associated Disability Days and Persons Injured — United States, 1976-1978

Item	1976	1977	1978
Acute Conditions	**Number of acute conditions per 100 persons per year**		
All acute conditions	219.0	218.8	218.2
Infective and parasitic diseases	25.0	27.2	24.7
Respiratory conditions	119.0	109.7	115.8
Upper respiratory conditions	60.6	63.2	59.1
Influenza	52.4	40.4	50.3
Other respiratory conditions	6.0	6.2	6.3
Digestive system conditions	10.4	11.2	10.7
Injuries	32.1	36.4	33.1
All other acute conditions	32.5	34.2	33.9
Days of Disability Associated with Acute Conditions	**Days of disability per 100 persons per year**		
Restricted-activity days	956.5	940.8	989.7
Bed-disability days	442.7	417.3	444.7
Work-loss days (ages 17 years and over)	374.3	346.6	376.6
School-loss days (ages 6-16 years)	497.3	491.2	480.7
Class of Accident	**Number of persons injured per 100 persons per year**		
All classes of accident	31.1	34.8	31.6
Moving motor vehicle	2.2	2.4	2.1
While at work	4.4	5.4	4.9
Home	12.3	13.9	11.9
Other	13.1	14.8	13.9

NOTE: Details may not add to totals due to rounding.

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.11
Days Lost from School Per 100 Children (6-16 years) Per Year, Due to Acute Conditions, by Sex and Condition Group: United States, 1978

Condition Group	Both Sexes	Male	Female
All acute conditions	480.7	443.5	519.1
Infective and parasitic diseases	75.3	65.4	85.5
Respiratory conditions	302.1	279.0	326.1
Upper respiratory conditions	128.6	114.1	143.6
Influenza	148.1	136.8	159.9
Other respiratory conditions	25.4	28.1	22.6
Digestive system conditions	21.1	19.1	23.0
Injuries	42.1	47.8	36.2
All other acute conditions	40.1	32.2	48.3

NOTE: Detail may not add to totals due to rounding.

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.12
Percent Distribution of Persons with Limitation of Activity Due to Chronic Conditions, by Degree of Limitation According to Sex and Age: 1978

(Civilian noninstitutional population)

Sex and Age	Total Population	With Activity Limitation	With Limitation in Major Activity	With No Activity Limitation
		Percent distribution		
Both sexes				
All ages	100.0%	14.2%	10.6%	85.8%
Under 17 years	100.0	3.9	2.0	96.1
17 - 44 years	100.0	8.5	5.2	91.5
45 - 64 years	100.0	23.6	18.6	76.4
65 years and over	100.0	45.0	38.3	55.0
Male				
All ages	100.0	14.3	10.8	85.7
Under 17 years	100.0	4.2	2.2	95.8
17 - 44 years	100.0	9.1	5.5	90.9
45 - 64 years	100.0	24.3	19.7	75.7
65 years and over	100.0	48.2	43.2	51.8
Female				
All ages	100.0	14.1	10.3	85.9
Under 17 years	100.0	3.6	1.8	96.4
17 - 44 years	100.0	7.9	4.9	92.1
45 - 64 years	100.0	23.0	17.5	77.0
65 years and over	100.0	42.7	34.9	57.3

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Current Estimates from the Health Interview Survey: United States — 1978.*

Table 6.13

Number of Occupational Injuries and Illnesses, and Lost Workdays, Private Sector, by Industry Division, in the United States, 1978

(in thousands)

Industry	Total cases*	Lost workday cases	Total lost workdays	Average lost workdays per lost workday case
Injuries and Illness				
Private sector†	5,799	2,492	39,015	16
Agriculture, forestry and fishing†	67	31	467	15
Mining	98	55	1.229	22
Construction	577	231	3,945	17
Manufacturing	2,582	1,084	16,568	15
Transportation and public utilities	463	265	4,707	18
Wholesale and retail trade	1,252	499	7,113	14
Wholesale trade	414	183	2,676	15
Retail trade	838	316	4,438	14
Finance, insurance and real estate	85	35	520	15
Services	675	291	4,467	15
Injuries				
Private sector†	5,656	2,439	38,174	16
Agriculture, forestry and fishing†	64	30	454	15
Mining	97	54	1,222	22
Construction	569	229	3,900	17
Manufacturing	2,495	1,053	16,067	15
Transportation and public utilities	455	261	4,661	18
Wholesale and retail trade	1,237	493	7,012	14
Wholesale trade	408	181	2,644	15
Retail trade	829	312	4,368	14
Finance, insurance and real estate	83	34	502	15
Services	656	284	4,357	15
Illnesses				
Private sector†	143	53	841	16
Agriculture, forestry and fishing†	3	1	14	16
Mining	1	1	8	12
Construction	8	2	45	19
Manufacturing	87	31	501	16
Transportation and public utilities	8	4	46	13
Wholesale and retail trade	15	6	101	16
Wholesale trade	6	2	32	16
Retail trade	9	4	70	16
Finance, insurance and real estate	2	1	17	20
Service	19	7	110	15

*Includes fatalities. † Excludes farms with fewer than 11 employees.

NOTE: Because of rounding, the sum of the components may not add to the totals. Differences between the estimates of total cases and the estimates for lost workday cases and nonfatal cases without lost workdays may not reflect the fatality estimate.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Table 6.14
Income Loss and Benefits* Paid for Short-Term Nonoccupational Sickness

(000,000 Omitted)

		Benefit Payments*					
				Group Benefits			
				Private Industry			
Calendar Year	Total Income Loss	Total**	Individual Insurance	Private Insurance	Public Funds	Sick Leave	Government Employees
1950	$ 4,816	$ 942	$153	$ 230	$ 63	$ 180	$ 315
1955	6,565	1,620	250	442	109	273	545
1960	8,591	2,430	393	638	172	400	826
1965	11,333	3,349	483	768	269	566	1,264
1970	16,757	5,872	694	1,476	411	1,066	2,225
1971	17,146	6,120	731	1,489	411	1,130	2,360
1972	19,507	6,807	772	1,614	412	1,364	2,645
1973	21,059	7,369	795	1,736	446	1,469	2,814
1974	21,804	8,135	851	2,025	485	1,634	3,010
1975	23,595	8,830	973	2,011	538	1,779	3,369
1976	26,430	9,632	881	2,268	581	2,052	3,680
1977	28,203	10,278	940	2,344	582	2,357	3,865

NOTE: Detail may not add to totals due to rounding.

*Insurance benefits reported on an incurred rather than paid basis. Data not comparable to that shown in Tables 2.1 and 2.2.

**Beginning with 1973, includes benefits for the sixth month of disability payable under OASDI, not shown separately.

SOURCE: U.S. Department of Health and Human Services, Social Security Administration, *Social Security Bulletin*, November 1979.

CHAPTER 7
Health Manpower

According to the Department of Labor some 5.0 million persons were active in the health field in 1979, 2.0 million more than in 1970.

Physicians

According to the American Medical Association, there were 401,364 active physicians in the United States and possessions at year-end 1978, including 20,242 physicians employed by the Federal government. Some 91.6% of all active non-Federal physicians were involved in direct care of their patients while the remainder were engaged in administration, research, teaching and other activities. Of those in patient care, 73.3% had office-based practices and 26.7% had hospital-based practices. Women physicians accounted for 9.9% of all physicians.

According to Table 7.3, in 1978, the District of Columbia had the highest ratio of non-Federal physicians to population, followed by New York, Massachusetts, Maryland and Connecticut. The lowest ratios of physicians to population occured in South Dakota, Mississippi, Wyoming and Idaho.

Dentists

In 1978, the number of active dentists reached an estimated 117,223, including 6,214 dentists employed by the Federal government. According to the latest available data (Table 7.3), the District of Columbia, New York, Washington, Massachusetts and Oregon had the highest ratios of dentists to population, while Mississippi, Alabama, Arkansas and West Virginia had the lowest ratios. Table 7.1 shows that two-thirds of the dental work force in 1976 was comprised of auxiliary personnel (dental hygienists, assistants and laboratory technicians).

Nurses

Between 1950 and 1977, the number of registered nurses employed in nursing nearly tripled to reach an estimated 1,018,000. According to the latest available data, the New England states have the highest ratio of employed registered nurses to the population. The East South Central and West South Central states have the lowest. The data, while excluding inactive nurses, include those employed in nursing on a part-time basis. In 1977, 32% of all employed registered nurses worked on a part-time basis.

In 1977, 2.1% of employed registered nurses were male, compared with 1.0% in 1967.

Pharmacists

In 1978, there were 136,670 active pharmicists in the United States. The ratio of pharmacists to the population has risen from 53 per 100,000 persons in 1970 to 63 in 1978.

As the beginning of 1975, about 74% of active pharmacists practiced privately in community pharmacies, and some 18% practiced full- or part-time in hospitals. Other pharmacists were employed by manufacturers, taught or were engaged in other pharmaceutical activities such as research. Of resident pharmacists in the United States, 11% were women.

Table 7.1
Estimated Number and Rate per 100,000 Population of Persons Active in Selected Health Field Occupations, 1976

	Persons Active	
Occupation	Number	Rate
Clinical Laboratory Services	216,850	102
Dentistry and Allied Services	321,600	151
Dentist	110,000	52
Dental Hygienist	29,700	14
Dental Assistant	140,300	66
Dental Laboratory Technician	41,600	20
Dietetic and Nutritional Services	77,000	36
Health Education	23,000	11
Medicine	393,700	185
Doctor of Medicine (M.D.)	378,600	177
Doctor of Osteopathy (D.O.)	15,100	7
Midwifery	4,350	2
Nursing and Related Services	2,489,600	1,169
Registered Nurse	961,000	451
Practical Nurse	489,000	230
Nursing Aide, Orderly, Attendant	1,000,000	469
Home Health Aide	39,600	19
Occupational Therapy	17,000 - 18,000	8
Optometry	25,200 - 25,400	12
Pharmacy	121,500	57
Physical Therapy	32,100	15
Physician Extender Services	5,000	2
Podiatric Medicine	7,100	3
Psychology	71,000	33
Respiration Therapy	25,000	12
Specialized Rehabilitation Services	13,700	7

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, *Health Resources and Utilizations Statistics, 1976.*

Table 7.2
Estimated Active Health Professionals in the United States
(50 States and District of Columbia)

Year	Total Number			Per 100,000 Population*		
	Physicians	Dentists	Nurses	Physicians	Dentists	Nurses
1965	277,575	97,000	613,000	143	50	317
1970	302,203	102,500	700,000	148	50	343
1971	322,228	N.A.	750,000	156	N.A.	364
1972	333,259	105,500	795,000	160	51	383
1973	338,111	N.A.	815,000	161	N.A.	388
1974	350,609	N.A.	857,000	166	N.A.	405
1975	366,425	N.A.	906,000	172	N.A.	425
1976	373,557	111,178	961,000	174	52	448
1977	377,468	N.A.	1,018,000	174	N.A.	469
1978	396,445	117,223	N.A.	182	54	N.A.

N.A. — Not available.

*Resident population of 50 states and District of Columbia.

NOTE: Data are revised from previous editions and include Federally-employed professionals in the 50 states and the District of Columbia. "Physicians" refers to all active physicians. "Dentists" refers to all active dentists. "Nurses" refers to registered nurses employed in nursing.

SOURCES: American Medical Association; U.S. Department of Health and Human Services, Bureau of Health Manpower; American Nurses' Association; and U.S. Department of Commerce, Bureau of the Census, Current Population Reports, P-25, #706 and P-25, #722.

Table 7.3
Number and Rate per 100,000 Population of Active Medical Doctors and Dentists, by State, 1978

State	Medical Doctors		Dentists	
	Number	Rate*	Number	Rate**
Alabama	4,554	122	1,314	35
Alaska	445	117	232	55
Arizona	4,229	182	1,173	50
Arkansas	2,423	111	714	33
California	47,891	217	14,052	64
Colorado	5,248	200	1,701	64
Connecticut	7,222	234	2,194	70
Delaware	911	158	265	45
District of Columbia	3,322	499	587	85
Florida	15,456	182	4,323	50
Georgia	6,925	138	2,167	43
Hawaii	1,670	199	599	66
Idaho	928	106	459	53
Illinois	19,704	176	5,999	53
Indiana	6,549	122	2,234	42
Iowa	3,424	118	1,396	48
Kansas	3,385	146	1,080	46
Kentucky	4,455	129	1,490	42
Louisiana	5,675	144	1,586	40
Maine	1,562	144	489	45
Maryland	9,851	240	2,591	62
Massachusetts	14,149	246	3,983	68
Michigan	13,513	147	4,772	52
Minnesota	7,212	180	2,429	61
Mississippi	2,436	102	763	32
Missouri	7,448	154	2,303	48

(Continued on next page)

Table 7.3 *(Continued)*

Number and Rate per 100,000 Population of Active Medical Doctors and Dentists, by State, 1978

	Medical Doctors		Dentists	
State	Number	Rate*	Number	Rate**
Montana	965	124	442	57
Nebraska	2,198	142	931	59
Nevada	860	132	340	53
New Hampshire	1,376	159	465	55
New Jersey	12,870	176	4,706	64
New Mexico	1,696	142	511	42
New York	44,458	251	12,611	70
North Carolina	7,934	145	2,175	39
North Dakota	780	122	312	48
Ohio	16,366	152	5,064	47
Oklahoma	3,453	121	1,192	42
Oregon	4,192	172	1,685	70
Pennsylvania	20,831	177	6,272	53
Rhode Island	1,850	199	509	54
South Carolina	3,640	128	1,130	39
South Dakota	677	99	286	41
Tennessee	6,498	150	2,034	47
Texas	19,101	148	5,757	45
Utah	2,107	162	853	67
Vermont	970	199	270	56
Virginia	8,114	162	2,599	50
Washington	6,460	174	2,611	71
West Virginia	2,419	130	703	38
Wisconsin	6,841	146	2,654	57
Wyoming	440	105	216	52
Total United States	377,683	175	117,223	54
Puerto Rico	3,424	N.A.	588	N.A.
U.S. Territories and Possessions	202	N.A.	42	N.A.
Grand Total	381,309	N.A.	117,853	N.A.

N.A. — Not available.

*Rates based on Civilian Population as of 7/1.

**Rates Based on Resident Population as of 12/31.

SOURCES: American Medical Association, *Physician Distribution and Medical Licensure in the U.S. 1978* and American Dental Association, *Distribution of Dentists in the United States, by State, Region, District, and County, 1979.*

Appendix I

Historic Dates

1850 Individual accident insurance became available in the United States with the chartering of the Franklin Health Assurance Company in Massachusetts.

1851 One of the earliest voluntary mutual protection associations, *La Societe Francaise de Bienfaisance Mutuelle,* was organized in San Francisco. It is noteworthy for having established a hospital in 1852 to provide care for its members.

1863 The Travelers Insurance Company of Hartford, Conn., offered individual accident insurance on a basis that closely resembles its present form.

1866 By this time more than 60 insurers were actively operating in the accident insurance field.

1875 A number of mutual benefit associations, called "establishment funds," were formed for employees of a single employer. The benefits provided usually included small payments for death and disability.

1890s This period brought the promotion of many fraternal associations, assessment mutuals and industrial insurers. Because many of these companies and associations were inadequately financed and poorly managed, many states passed legislation against them.

1910 Montgomery Ward & Co., Inc. replaced its "employee establishment fund" with an insured contract. This plan is generally regarded as the first group health insurance policy.

1912 The Standard Provisions Law drafted by the National Convention of Insurance Commissioners (now the NAIC) was enacted by most states. This model law sought to provide uniformity and fairness in the "operating conditions" of the health insurance contract.

1917 Group accidental death and dismemberment insurance was first written.

1920s Early in this decade individual hospitals began offering hospital expense benefits on an individual prepaid basis.

1929 A group of school teachers arranged for Baylor Hospital in Dallas, Texas to provide room and board and specified ancillary services at a predetermined monthly cost. This plan is considered the forerunner of what later became known as the Blue Cross plans.

1929 The first health maintenance organization, The Ross-Loos Clinic, was established in Los Angeles, California.

1930s The depression stimulated the expansion of insurance coverages through both public demand and hospitals' encouragement.

1935 The Social Security Act (P.L. 74-241) provided for the first time grant-in-aid to states for such public health activities as maternal and child care, aid to crippled children, blind persons, the aged and other health-impaired persons.

1938 Private insurers introduced group surgical expense benefit plans.

1939 The first Blue Shield plan (surgical-medical), called the California Physicians' Service, was developed.

1940s During World War II, as a result of the freezing of wages, group health insurance became an important component of collective bargaining for employee benefits.

1942 Compulsory cash sickness benefits were begun by four states (Rhode Island, 1942; California, 1946; New Jersey, 1948; New York, 1949).

1943 Private insurers introduced group medical expense benefits (Physician's Visits Expense Benefits).

1948 The National Labor Relations Board ruled, in a dispute between the United Steelworkers' Union and the Inland Steel Company, that the term "wages" be construed to include pension and insurance benefits. The U.S. Supreme Court upheld this ruling in a 1949 decision.

1949 Major medical expense benefits were introduced by Liberty Mutual Insurance Company to supplement basic medical care expenses.

1957 Vision care expense benefits were introduced by private insurers, followed in 1959 by extended care facility expense benefits.

1963 The Health Professions Educational Assistance Act (P.L. 88-129) aided training of physicians, dentists and other public health personnel.

1964 Prescription drug expense benefits were introduced.

1964 The Nurse Training Act (P.L. 88-581) provided special Federal effort for training professional nursing personnel.

1965 Social Security amendments of 1965 (P.L. 89-97) established a Social Security hospital insurance program for the aged and voluntary supplementary medical insurance program (Medicare) and grants to states for medical assistance programs (Medicaid).

1971 The Insurance Medical Scientist Scholarship Fund was formed by several insurance companies, providing full scholarships for students planning careers in medical research and teaching.

1972 Social Security Amendments of 1972 (P.L. 92-603) extended health insurance benefits (Medicare) to the disabled and to end-stage renal disease patients; established Professional Standards Review Organization (PSRO) programs; and expanded research and demonstrations of financing mechanisms.

1973 The Health Maintenance Organization Act (P.L. 93-222) assisted in the establishment and expansion of HMOs.

1975 The National Health Planning and Resources Development Act of 1974 (P.L. 93-641) authorized major Federal reorganization of health planning programs and set up the national designation of local Health Systems Areas and governing agencies.

1976 The National Consumer Health Information and Health Promotion Act of 1976 (P.L. 94-317) set forth national goals for health information and promotion and a systematic strategy for their achievement — stressing health education.

1976 The Health Maintenance Organization Amendments of 1976 (P.L. 94-460) relaxed requirements for HMOs to qualify for Federal support.

1976 The Health Professions Educational Assistance Act of 1976 (P.L. 94-484) contained provisions requiring medical school students who receive federal scholarship aid to serve a specified period in rural and inner-city areas, and required that medical schools with teaching hospitals provide for a greater proportion of medical residencies in primary medicine.

1977 The Medicare-Medicaid Anti-Fraud and Abuse Amendments (P.L. 95-142) amended the Social Security Act to require uniform reporting of financial data by providers; upgraded criminal penalties for fraud under Medicare-Medicaid programs and amended certain Professional Standards Review Organization (PSRO) provisions.

1978 The Health Maintenance Organization Amendments of 1978 (P.L. 95-559) set forth a three-year extension of the HMO assistance program.

Appendix II

Adjustments for Duplication in Number of Persons Covered, 1978

(000 Omitted)

	Number of People Under Age 65 Covered				
Type of Insurer	Hospital Expense	Surgical Expense	Physician's Expense	Major Medical Expense	Dental Expense
Insurance Companies					
Group Insurance (Regular Business)	73,715	77,455	73,681	88,134	30,076
ASO & MPP Business	16,142	16,654	16,527	19,852	8,739
Total Group Insurance	89,857	94,109	90,208	107,986	38,815
Individual Insurance	29,155	15,149	12,450	6,175	-
Deduction for Duplication of Persons with Insurance Company Protection	22,910	14,713	13,379	13,149	-
Net Total for Insurance Companies	96,102	94,545	89,279	101,552	38,815
Blue Cross, Blue Shield and Medical Society Plans	76,607	66,139	62,788	38,317	6,000*
Other Plans*	15,500	19,600	19,350	11,650	17,100
Deduction for Duplication of Persons Protected by More than One Type of Insurer	21,390	18,045	16,796	12,583	-
Net Total Persons Covered	166,819	162,239	154,621	138,936	61,915

N.A. — Not available.

*Provisional. Final data not yet available.

SOURCE: Health Insurance Association of America.

Glossary

Accident an event or occurrence which is unforeseen and unintended.

Accidental Bodily Injury injury to the body as a result of an accident.

Accidental Means the unexpected and unforeseen cause of an accident. The "means" which caused the mishap must be accidental in order to claim benefits under the policy.

Accumulation Period a specified period of time, such as 90 days, during which the insured person must incur eligible medical expenses at least equal to the deductible amount in order to establish a benefit period under a major medical expense or comprehensive medical expense policy.

Acquisition Cost the immediate cost of issuing a new policy, including cost of clerical work, agent's commission and medical inspection fees.

Actuary a technical expert trained in the insurance field who is reponsible for calculating premium rates, reserves and dividends, as well as conducting various other statistical studies.

Administrative Service Only (ASO) Plan an arrangement under which an insurance carrier or an independent organization will, for a fee, handle the claims and benefits paperwork for a self-insured group and insure against a certain level of large unpredictable claims.

Adverse Selection the tendency of persons with poorer than average health expectations to apply for or continue insurance to a greater extent than do persons with average or better health expectations.

Age Limits stipulated minimum and maximum ages below and above which the company will not accept applications or may not renew policies.

Agent an insurance company representative licensed by the state who solicits, negotiates, or effects contracts of insurance, and services the policyholder for the insurer.

Aggregate Indemnity the maximum dollar amount which may be collected for any disability, period of disability, or under the policy.

Allocated Benefits benefits for which the maximum amount payable for specific services is itemized in the contract.

Application a signed statement of facts requested by the company on the basis of which the company decides whether or not to issue a policy. This then becomes part of the health insurance contract if the policy is issued.

Assignment the signed transfer of the benefits of a policy by the owner of the policy to a third party.

Association Group a group formed from members of a trade or professional association for group insurance under one master health insurance contract.

Aviation Trip Insurance a policy type protecting individuals as passengers of scheduled aircraft. It is generally obtained at airports.

Beneficiary a person or persons designated by the policyholder to receive a specified cash payment upon the policyholder's death.

Binding Receipt a receipt given for a premium payment accompanying the application for insurance. If the policy is approved, this binds the company to make the policy effective from the date of the receipt.

Blanket Contract a contract of health insurance affording benefits, such as accidental death and dismemberment, for all of a class of persons not individually identified. It is used for such groups as athletic teams, campers, travel policy for employees, etc.

Blanket Medical Expense a provision which entitles the insured person to collect up to a maximum established in the policy for all hospital and medical expenses incurred, without any limitations on individual types of medical expenses.

Blue Cross an independent, nonprofit membership corporation providing protection against the costs of hospital care.

Blue Shield an independent, nonprofit membership corporation providing protection against the costs of surgery and other items of medical care.

Broker an insurance solicitor, licensed by the state, who places business with a variety of insurance companies and who represents the buyers of insurance rather than the companies even though he is paid commissions by the companies.

Business Insurance a policy which primarily provides coverage of benefits to a business as contrasted to an individual. It is issued to indemnify a business for the loss of services of a key employee or a partner who becomes disabled.

Capital Sum the maximum amount payable in one sum in event of accidental dismemberment. When a contract provides benefits for kinds of dismemberment, each benefit is an amount equal to, or a fraction of, the capital sum.

Certificate of Insurance a document delivered to the insured person which summarizes the benefits and principal provisions of the group plan.

Claim a demand to the insurer by the insured person for the payment of benefits under a policy.

Coinsurance a policy provision frequently found in major medical insurance, by which both the insured person and the insurer share in a specified ratio the covered losses under a policy.

Comprehensive Major Medical Insurance a policy designed to give the protection offered by both a basic and a major medical health insurance policy. It is characterized by a low deductible amount, a coinsurance feature, and high maximum benefits.

Confining Sickness an illness which confines an insured person to his or her home or to a hospital.

Consideration one of the elements of a binding contract. Consideration is acceptance by the insurance company of the payment of the premium and the statement made by the prospective policyholder in the application.

Conversion Privilege the right given to an insured person to convert to individual insurance without evidence of medical insurability, usually upon termination of coverage under a group contract.

Coordination of Benefits (C.O.B.) a method of integrating benefits payable under more than one group health insurance plan so that the insured person's benefits from all sources do not exceed 100% of allowable medical expenses.

Deductible the amount of covered expenses which must be incurred by the insured person before benefits become payable by the insurer.

Disability a condition which renders a person incapable of performing one or more duties of his or her regular occupation.

Disability Income Insurance a form of health insurance that provides periodic payments to replace income when the insured person is unable to work as a result of illness, injury or disease.

Dismemberment the loss of a limb or sight.

Double Indemnity a policy provision usually associated with death, which doubles payment of designated benefits when certain kinds of accidents occur.

Dread Disease Insurance insurance providing an unallocated benefit, subject to a maximum amount, for expenses incurred in connection with the treatment of specified diseases, such as cancer, poliomyelitis, encephalitis and spinal meningitis.

Earned Premium that portion of a policy's premium payment for which the protection of the policy has already been given. For example, an insurance company is considered to have earned 75% of an annual premium after a period of nine months of an annual term has elapsed.

Elective Benefit a benefit payable in lieu of another; e.g., a lump sum benefit may be allowed for specified fractures or dislocations in lieu of weekly or monthly indemnity.

Evidence of Insurability any statement or proof of a person's physical condition and/or other factual information affecting his or her acceptance for insurance.

Exclusions specific hazards or conditions listed in the policy for which the policy will not provide benefit payments.

Experience Rating variation of the premium rate, computed on the basis of past losses and expenses incurred by the insurance company in the settlement of claims and other expenses involving a particular group of risks.

Experience Refund a provision in most group policies for the return of premium to the policyholder because of lower than anticipated claims.

Family Expense Policy a policy which insures both the policyholder and his or her immediate dependents (usually spouse and children).

Franchise Insurance a form of insurance in which individual policies are issued to the employees of a common employer or the members of an association under an arrangement by which the employer or association agrees to collect the premiums and remit them to the insurer.

Fraternal Insurance a cooperative type of insurance provided by social organizations for their members.

Grace Period a specified period after a premium payment is due, in which the policyholder may make such payment, and during which the protection of the policy continues.

Group Contract a contract of insurance made with an employer or other entity that covers a group of persons identified as individuals by reference to their relationship to the entity.

Guaranteed Renewable Contract a contract that the insured person has the right to continue in force by the timely payment of premiums for a substantial period of time, during which period the insurer has no right to make unilaterally any change in any provision of the contract, while the contract is in force, other than a change in the premium rate for classes of policyholders.

Health Insurance a generic term applying to all types of insurance indemnifying or reimbursing for costs of hospital and medical care or lost income arising from an illness or injury. Sometimes it is called Accident and Health Insurance, Accident or Sickness Insurance, or Disability Insurance.

Health Maintenance Organization (HMO) an organization that provides a wide range of comprehensive health care services for a specified group at a fixed periodic payment. The HMO can be sponsored by the government, medical schools, hospitals, employers, labor unions, consumer groups, insurance companies, and hospital-medical plans.

Hospital Benefits benefits provided under a policy for hospital charges incurred by an insured person because of an illness or injury.

Hospital Expense Insurance health insurance protection against the costs of hospital care resulting from the illness or injury of an insured person.

Hospital Indemnity a form of health insurance which provides a stipulated daily, weekly or monthly indemnity during hospital confinement. The indemnity is payable on an unallocated basis without regard to the actual expense of hospital confinement.

Hospital-Medical Insurance a term used to indicate protection which provides benefits toward the cost of any or all of the numerous health care services normally covered under various health insurance plans.

Incontestable Clause an optional clause which may be used in noncancellable or guaranteed renewable health insurance contracts providing that the insurer may not contest the validity of the contract after it has been in force for two (sometimes three) years.

Indemnity benefits paid in a predetermined amount in the event of a covered loss.

Individual Insurance policies which provide protection to the policyholder and/or his or her family (as distinct from group and blanket insurance). Sometimes called Personal Insurance.

Injury Independent of All Other Means an injury resulting from an accident, provided that the accident was not caused by an illness.

Insurance protection by written contract against the financial hazards (in whole or in part) of the happenings of specified fortuitous events.

Insurance Company any corporation primarily engaged in the business of furnishing insurance protection to the public.

Insuring Clause the clause which sets forth the type of loss being covered by the policy and the parties to the insurance contract.

Key-Man or Key-Person Health Insurance an individual or group insurance policy designed to protect an essential employee or employees of a firm against the loss of income resulting from disability. If desired, it may be written for the benefit of the employer, who usually continues to pay the salary during periods of disability.

Lapse termination of a policy upon the policyholder's failure to pay the premium within the time required.

Level Premium a premium which remains unchanged throughout the life of a policy.

Lifetime Disability Benefit a payment to help replace income lost by an insured person as long as he or she is totally disabled, even for a lifetime.

Limited Policies contracts which cover only certain specified diseases or accidents.

Long-Term Disability Income Insurance a provision to pay benefits to a covered disabled person as long as he or she remains disabled up to a specified period exceeding two years.

Loss-of-Income Benefits payments made to an insured person to help replace income lost through inability to work because of an insured disability.

Major Medical Expense Insurance health insurance to finance the expense of major illness and injuries. Characterized by large benefit maximums ranging up to $250,000 or no limit, the insurance, above an initial deductible, reimburses the major part of all charges for hospital, doctor, private nurses, medical appliances, prescribed out-of-hospital treatment, drugs and medicines. The insured person as coinsurer pays the remainder.

Medicaid state programs of public assistance to persons regardless of age whose income and resources are insufficient to pay for health care. Title 19 of the Federal Social Security Act provides matching Federal funds for financing state Medicaid programs, effective January 1, 1966.

Medicare the hospital insurance system and the supplementary medical insurance for the aged created by the 1965 Amendments to the Social Security Act and operated under the provisions of the Act.

Miscellaneous Expenses expenses in connection with hospital insurance, hospital charges other than room-and-board, such as X-rays, drugs, laboratory fees and other ancillary charges.

Morbidity The incidence and severity of sicknesses and accidents in a well-defined class or classes of persons.

Noncancellable or Noncancellable and Guaranteed Renewable Policy a policy which the insured person has the right to continue in force to a specified age, such as to age 65, by the timely payment of premiums. During the specified period the insurer has no right to unilaterally make any change in any provision of the policy while it is in force.

Nonconfining Sickness an illness which prevents the insured person from working but which does not confine him to a hospital or to his home.

Nondisabling Injury an injury which may require medical care, but does not result in loss of working time or income.

Nonoccupational Policy a contract which insures a person against off-the-job accident or sickness. It does not cover disability resulting from injury or sickness covered by Workers' Compensation. Group accident and sickness policies are frequently nonoccupational.

Nonprofit Insurers persons organized under special state laws to provide hospital, medical or dental insurance on a nonprofit basis. The laws exempt them from certain types of taxes.

Optionally Renewable Contract a contract of health insurance in which the insurer reserves the right to terminate the coverage at any anniversary or, in some cases, at any premium due date, but does not have the right to terminate coverage between such dates.

Overhead Insurance a type of short-term disability income contract that reimburses the insured person for specified, fixed, monthly expenses, normal and customary, in the operation and conduct of his business or office.

Partial Disability an illness or injury which prevents an insured person from performing one or more of the functions of his regular job.

Physician's Expense Insurance coverage which provides benefits toward the cost of such services as doctor's fees for nonsurgical care in the hospital, at home or in a physician's office, and X-rays or laboratory tests performed outside of the hospital. (Also called Regular Medical Expense Insurance).

Policy Term that period for which an insurance policy provides coverage.

Pre-Existing Condition a physical and/or mental condition of an insured person which existed prior to the issuance of his policy.

Premium the periodic payment required to keep a policy in force.

Prepaid Group Practice Plan a plan under which specified health services are rendered by participating physicians to an enrolled group of persons, with fixed periodic payment in advance made by or on behalf of each person or family. If a health insurance carrier is involved, it contracts to pay in advance for the full range of health services to which the insured is entitled under the terms of the health insurance contract. Such a plan is one form of a Health Maintenance Organization (HMO).

Principal Sum the amount payable in one sum in event of accidental death and, in some cases, accidental dismemberment.

Probationary Period a specified number of days after the date of the issuance of a policy during which coverage is not afforded for sickness. The purpose of the period is to eliminate coverage for sickness actually contracted before the policy went into effect.

Professional Standards Review Organization (PSRO) an organization in which practicing physicians assume responsibility for reviewing the propriety and quality of health care services provided under Medicare and Medicaid.

Proration the adjustment of benefits paid because of a mistake in the amount of the premiums paid or the existence of other insurance covering the same accident or disability.

Qualified Impairment Insurance a form of substandard or special class insurance that restricts benefits for the insured person's particular condition.

Recurring Clause a provision in some health insurance policies which specifies a period of time during which the recurrence of a condition is considered a continuation of a prior period of disability or hospital confinement.

Regular Medical Expense Insurance (See Physician's Expense Insurance).

Reinstatement the resumption of coverage under a policy which has lapsed.

Renewal continuance of coverage under a policy beyond its original term by the acceptance by the insurer of a premium for a new policy term.

Reserve a sum set aside by an insurance company to assure the fulfillment of commitments for future claims.

Rider a legal document which modifies the protection of a policy, either expanding or decreasing its benefits or adding or excluding certain conditions from the policy's coverage.

Risk any chance of loss.

Risk (impaired or substandard) an insurance applicant whose physical condition does not meet the physical standards for normal health.

Senior Citizen Policies contracts insuring persons 65 years of age or over. In most cases these policies supplement the coverage afforded by the government under the Medicare program.

Service Benefit an insurance benefit which fully pays the specific hospital or medical care services rendered.

Short-Term Disability Income Insurance a provision to pay benefits to a covered disabled person as long as he or she remains disabled up to a specified period not exceeding two years.

Special Class Insurance insurance for applicants of health insurance who cannot qualify for a standard policy by reason of impaired health.

Special Risk Insurance coverage for risks or hazards of a special or unusual nature.

Substandard Health Insurance an individual policy issued to a person who cannot meet the normal health requirements of a standard health insurance policy. Protection is given in consideration of an increase in premium or through a waiver of medical condition, or under a special qualified impairment policy.

Surgical Expense Insurance health insurance policies which provide benefits toward the physician's or surgeon's operating fees. Benefits may consist of scheduled amounts for each surgical procedure.

Surgical Schedule a list of cash allowances attached to the policy, which are payable for various types of surgery with the maximum amounts based upon the severity of the operations.

Time Limit the period of time during which a notice of claim or proof of a loss must be filed.

Total Disability an illness or injury which prevents an insured person from continuously performing every duty pertaining to his or her occupation or from engaging in any other type of work for remuneration. (This wording varies among insurance companies.)

Travel Accident Policy a limited contract covering only accidents while an insured person is traveling, usually on a commercial carrier.

Unallocated Benefit a policy provision providing reimbursement up to a maximum amount for the costs of all extra miscellaneous hospital services, but not specifying how much will be paid for each type of service.

Underwriting The process by which an insurer determines whether or not and on what basis it will accept an application for insurance.

Unearned premium That portion of a premium for which the protection of the policy has not as yet been given.

Waiting Period the duration of time between the beginning of an insured person's disability and the start of the policy's benefits.

Waiver an agreement attached to a policy which exempts from coverage certain disabilities or injuries which are normally covered by the policy.

Waiver of Premium a provision included in some policies which exempts the insured person from paying premiums while he is disabled during the life of the contract.

Written Premiums the entire amount of premiums due in a year for all policies issued by an insurance company.

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